

THE OFFICE OF THE COMPTROLLER-GENERAL

NORMATIVE INSTRUCTION NO. 3, OF JUNE 9th, 2017

Approves the Standards for the Professional Practice of Government Internal Auditing within the Federal Executive Branch

The FEDERAL SECRETARY OF INTERNAL CONTROL, in the use of his competencies, and considering the statements of Law No. 10180, of February 6th, 2001, article 22, item I and paragraph 5, and article 24, item IX, and Executive Order No. 3591, of September 6th, 2000, article 15;

DECIDES:

Article 1: To approve, in the form of the Appendix of this Normative Instruction, the Standards for the Professional Practice of Government Internal Auditing within the Federal Executive Branch, which establishes the principles, guidelines, and essential requirements for the professional practice of government internal auditing with the Federal Executive Branch.

Article 2: The provisions of this Normative Instruction must be fulfilled by the bodies and units that constitute the Internal Control System of the Federal Executive Branch, ruled by the Federal Constitution, article 74, and regulated by Law No. 10180, of February 6th, 2001, and by their single internal auditing units.

Article 3: This Normative Instruction is effective after 180 (one hundred and eighty) days from the date of its publication.

Article 4: Normative Instruction SFC/MF No. 1, of April 6th, 2001, is hereby revoked.



Documento assinado eletronicamente por **ANTONIO CARLOS BEZERRA LEONEL**, Secretário Federal de Controle Interno, em 09/06/2017, às 11:08, conforme horário oficial de Brasília, com fundamento na Portaria 1.664, de 29 de junho de 2015, da Controladoria-Geral da União.



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STANDARDS FOR THE PROFESSIONAL PRACTICE OF GOVERNMENT INTERNAL AUDITING WITHIN THE BRAZILIAN FEDERAL EXECUTIVE BRANCH (FRAMEWORK)

INTRODUCTION

The guidelines for the exercise of control within the Federal Executive Branch date back to the edition of Decree-Law No. 200, of February 25th, 1967. The Decree-Law No. 200 has defined the control as a fundamental principle for all activities performed in Federal Administration, applied at all levels and in all bodies and entities, segmented into three basic lines (or layers) of action for the efficient and effective management of public resources. As a consequence, control is exercised in several legal and cultural environments, namely: operational management; supervision and monitoring; and the internal auditing practice.

Within the scope of the supporting systems, Decree-Law No. 200 also determines the systemic organization of the internal auditing activity by the Federal Executive Branch. Internal auditing is performed within bodies and entities that vary in purpose, size, complexity, and structure. Similarly, their staff members are individuals with different levels of knowledge and experience. This systemic organization is subject to regulatory guidance, technical supervision, and specific oversight by the system's central body.

Since that diversity may influence the practice of control activities in all environments, the adoption of principles, concepts, and guidelines consistent with international standards and practices is essential for the harmonization and evaluation of public agents' performance and, consequently, the assessment of their deliveries.

Subsequently, the Federal Constitution (CF) of 1988 innovated by conceptualizing the terminology "internal control systems" in reference to those control bodies which, under the law, exercise the oversight in conjunction with external control bodies, the latter responsible for supporting the legislative branch. CF also segmented the responsibilities of the internal control systems, including the agencies of the direct and indirect administration, to oversight the accounts, finances, budget, operations, and assets. In Article 74, CF stated the purposes of the internal control systems, which shall be constituted by each government branch – Legislative, Executive and Judicial – in an integrated manner.

Within the federal level, Law no. 10180, of February 6th, 2001, has organized and regulated the principles of Decree-Law no. 200 consistent with the constitutional mandates regarding the internal control system of the Federal Executive Branch. Law no. 10180 establishes the purposes, organization, and competencies of the Federal Planning and Budget System, Federal Financial Administration System, and Federal Accounting and Internal Control System. The competences attributed to all systems except the Internal Control System are strongly related to management and supervisory roles and responsibilities in their respective areas – first and second line of defense.

The attributions that Law 10180/2001 has stated for the Internal Control System refer to assurance services performed through accounting, financial, budgetary, operational, and assets oversight, besides supporting the external control in accomplishing its institutional mission. Those duties are assigned through auditing and oversight activities.

In this sense, the present Framework stands as a convergence instrument of the government internal auditing practices within the Brazilian Federal Executive Branch with international standards, frameworks, and good practices. This Framework is also consistent with Joint Normative Instruction MP/CGU no. 1, of May 10th, 2016, that has determined the systematization of the practices related to governance, risk management, and internal controls within the Federal Executive Branch.

With that being said, this Framework aims to establish principles, concepts, and guidelines to conduct the governmental internal auditing practice and to provide a basic structure for improving its performance. The Framework's overall purpose is to add value to the management of the bodies and entities within the Federal Executive Branch.

CHAPTER I – PURPOSE AND EXTENT OF GOVERNMENT INTERNAL AUDITING

1. Government internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
2. The professional practice of government internal auditing within the federal executive branch is conducted in conformance with this Framework, which establishes the fundamental requirements for conducting, managing, and evaluating the performance of the audit work.

Section I – Purpose

3. The purpose of the professional practice of government internal auditing is to enhance and protect the organizational value of government agencies by providing risk-based and objective assurance, advice, and insight.
4. The professional practice of government internal auditing within the federal executive branch is carried out by the Government Internal Auditing Units (UAIG) listed as follows:
 - a) The Federal Secretary of Internal Control (SFC) and the Federal Comptrollerships at the states' level, which are part of the Office of The Comptroller-General (CGU);
 - b) Secretaries of Internal Control at the President's Executive Office (Ciset), at the Office of The Attorney General, at the Ministry of Foreign Affairs, at the Ministry of Defense, and their sector units;
 - c) Internal Auditing Units (Audin) at the government bodies and entities within the federal executive branch, including the agencies of the direct and indirect administration.

Section II – Extent

6. Federal government bodies and entities are expected to operate in alignment with the public interest. For this purpose, they must exert permanent control over their actions and decisions due to the self-control principle. Therefore, the highest level of governing body within the government organizations is responsible for the establishment, maintenance, monitoring, and improvement of internal controls, notwithstanding the responsibilities of the organizational processes and policy managers in their scope of action.
7. The Internal control framework of the federal government bodies and entities encompasses the Three Lines of Defense model, which enhances clear communications on essential roles and duties, promoting coordinated and efficient operations among the groups so that there are neither gaps in controls nor unnecessary duplications of coverage.

First line of defense

8. The first line of defense is responsible for identifying, assessing, controlling, and mitigating risks, guiding the development and implementation of internal policies and procedures, and ensuring that activities are consistent with goals and objectives.

9. The first line of defense constitutes the primary internal controls designed and maintained by policy managers on a day-to-day basis regarding their operational and support organizational macro-processes.

10. In order to ensure their adequacy and effectiveness, internal controls must be integrated into management systems and processes, designed and developed in proportion with the assessed risks, and according to the organization's nature, complexity, administrative structure, and mission.

Second line of defense

11. The functions concerning the second line of defense are established under the management level. Their objective is to ensure that the first line of defense is properly designed, in place, and operating as intended.

12. These functions are designed to support the development of management internal controls, supervise and monitor the first line activities, including risk management, compliance, quality assurance, financial control, guidance, and training.

13. Internal Control Special Advisory Boards and Advisors (AECI) of the ministries integrate the second line of defense. Other specific governing bodies established by the organizations may complement their functions.

Third line of defense

14. Government Internal Auditing represents the third line of defense. It provides assurance and consulting services based on the highest level of independence and objectivity within the organization.

15. The professional practice of government internal auditing must be conducted with the purpose of contributing to the improvement of the organization's policies and operations. The recipients of the assurance and consulting services provided by the UAIG are senior management, federal organizations and entities' managers, and society.

16. The UAIG must support federal government bodies and entities including how the first and second lines of defense are established. They are expected to bring a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes through consulting and assurance services.

17. Assurance services involve the government internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding the accomplishment of multiannual plan's objectives; the implementation of policies and budgetary expenditures; the asset, financial and budgetary management of federal government bodies and entities in relation to their legality, economy, efficiency and effectiveness; and the expenses made with public funds by private enterprises.

18. Consulting services are advisory and counseling in nature, performed at the specific request of an engagement client. Consulting services should approach strategic issues, governance, risk management, and control processes, following the organization's values, strategies, and objectives. When performing consulting services, the UAIG should maintain objectivity and not assume management responsibility.

19. Assurance services with regard to the assessment on risk management and control processes performed by the UAIG should especially comprise the following aspects: adequacy and sufficiency of risk management and control mechanisms; effectiveness of risk management; compliance of operations towards the organization's risk management policy.

20. The SFC, the Ciset, and the sector units perform government internal auditing functions, within the third line of defense, integrated and simultaneously with the Audin, wherever an Audin exists. [\(Wording from SFC Normative Instruction no. 07/2017\)](#)

CHAPTER II – INTERNAL CONTROL SYSTEM OF THE FEDERAL EXECUTIVE BRANCH

21. Federal Constitution (CF) provides, in article 70, that the control of accounts, finances, budget, operations, and property of the Union and the agencies of the direct and indirect administration, as to lawfulness, legitimacy, economic efficiency, application of subsidies and waiver of revenues, shall be exercised by the National Congress, by means of external control, and by the Internal Control System (SCI) of each Power.

22. In article 74, CF determined that the purpose of the SCI is to evaluate the attainment of the goals established in the pluriannual plan, the implementation of government programs and the budgets of the Union, among others. To fulfill the constitutional mandate, Law no. 10,180, of February 6th, 2001, and Executive Order no. 3,591, of September 6th, 2000, regulated the organization, purposes, and structure of the SCI within the Federal Executive Branch.

23. Besides the SCI's competencies related to the government internal auditing function, Law no. 10,180, of February 6th, 2001, also established the investigation of illegal or irregular misuse of federal public funds by public or private agents. This activity must be performed, when appropriate, under the principles and guidelines of this Framework.

24. SCI's activities comprise all bodies and entities within the Federal Executive Branch, including state-owned companies and any individual or enterprise that uses, collects, stores, or manages public money, assets, and values under the responsibility of the Federal Executive Branch.

Section I – Organization and Structure

25. Constitute the SCI:

a) as the central body: the Federal Secretary of Internal Control (SFC) of the Office of The Comptroller-General (CGU);

b) as sector bodies: the Secretaries of Internal Control (Ciset) at the President's Executive Office, at the Office of the Attorney General, at the Ministry of Foreign Affairs, and at the Ministry of Defense; and

c) as sector units of the Ministry of Defense's Ciset: the units of internal control of the military commands.

26. Internal Auditing Units (Audin) at the bodies and entities within the federal executive branch, including the agencies of the direct and indirect administration, assist the SCI as auxiliary bodies. [\(Wording from SFC Normative Instruction no. 07/2017\)](#)

27. SCI central body and sector bodies in their respective areas of jurisdiction are responsible for providing the UAIG with normative guidance and technical supervision.

28. Normative guidance and technical supervision are exercised by means of the issue of norms and practice guides and the assessment of the UAIG's activities to harmonize the government internal auditing practice and promote quality assurance and integration within the SCI.

29. When performing the support functions established by Executive Order no. 3,591, of September 6th, 2000, the AECI must comply with the SCI's central body normative guides and the principles of this Framework.

30. SCI central body is responsible for providing guidance concerning joint engagements performed by the UAIGs to promote harmonious operations in the face of concurrent competences and reciprocal professional and institutional strengthening.

Section II – Interinstitutional Articulation

31. In the face of the inherent complexity of the policies implementation assessment process – which demands articulate efforts among the institutions involved – SCI and AECI must work in an articulate and integrate manner, based on synergy and a clear definition of roles, to rationalize resources and maximize results.

32. The Internal Control Coordination Commission (CCCI) has its composition and competencies established by Executive Order no. 3,591, of September 6th, 2000, as a collegiate body of advisory functions. The CCCI may conduct studies and propose actions to integrate, evaluate, and improve the activities performed by the UAIG, as well as attune interpretations on the practices performed by the System, in order to promote the operational integration of the SCI with its auxiliary bodies.

33. Cooperation between the UAIG and other government institutions responsible for the defense of public assets, such as the Public Prosecuting Office and the Federal Police, aims to promote the exchange of information and the performance of integrated or complementary actions to provide effectiveness in fighting corruption.

34. UAIG must ensure that engagement results are properly and timely forwarded to the competent authorities whenever noncompliance findings that require additional investigative or prosecuting procedures are identified.

35. Support to the external control function, as stated in CF, is exercised through the cooperation between the SCI and the external control bodies, exchange of information and experience, as well as the performance of integrated or complementary actions.

36. UAIG must ensure the establishment and effective functioning of communication channels intended to foster popular control, assuring that the results of citizen participation are appropriate as insights for planning and performing engagements.

CHAPTER III – ETHICAL PRINCIPLES AND REQUIREMENTS

37. Government internal auditors conducting their operations under ethical principles and requirements provide authority and credibility to the professional practice of government internal auditing. All UAIG must promote these behavior norms.

Section I – Core Principles for the Professional Practice of Government Internal Auditing

38. The core principles constitute the theoretical framework upon which auditing standards rest. These are persistent values in time and space that provide logical and harmonious meaning to the professional practice of government internal auditing as well as its effectiveness. The UAIG must ensure that the professional practice of government internal auditing is guided by the following principles:

- a) integrity;
- b) proficiency and due professional care
- c) technical independence and objectivity;
- d) alignment with the strategies, objectives, and risks of the Audited Entities;
- e) performance supported by adequate positioning and proper resources;
- f) quality and continuous improvement; and
- g) effective communication.

Section II – Ethical Requirements

39. Ethical requirements represent acceptably and expected values governing the conduct of government internal auditors. Ethical requirements aim to promote an ethical and righteous culture in the profession of government internal auditing.

Integrity and Behavior

40. Government internal auditors must serve the public interests and honor the public trust. Government internal auditors must perform their work with honesty, diligence, and responsibility, contributing to the legitimate and ethical objectives of the audited entity.

41. Auditors must avoid any conduct which may undermine trust in their work. Auditors must not knowingly be a party to any illegal activity or engage in acts that are discreditable to the UAIG or the profession of government internal auditing.

42. Government internal auditors must be able to adequately deal with pressures or situations that threaten their ethical principles or that may result in inappropriate personal or organizational gains while maintaining righteous and irreparable conduct.

43. Government internal auditors must behave with courtesy and respect in dealing with people, even in situations of disagreement, refraining from making a judgment or adopting practices that indicate any kind of discrimination or prejudice.

44. In the course of their activities, government internal auditors must observe the law and make disclosures expected by the law and the profession.

Technical Independence and Objectivity

45. Technical independence and objectivity requirements are associated with the UAIG's positioning and the auditor's attitude towards the Audited Entity. These requirements aim to guide the conduct of the auditing work and to support the UAIG's institutional opinion. To this end, it is assumed that the UAIG is technically independent and that the auditors are objective.

46. Threats to technical independence and objectivity must be managed at the individual government internal auditor, engagement, functional, and organizational levels. Any interference, actual or veiled, must be reported to the senior management and the board, if any, and the consequences must be properly discussed and dealt with.

Technical Independence

47. Technical independence refers to the UAIG's capacity of performing in an impartial way. In this sense, the government internal auditing activity must be free from interference in determining the scope of internal auditing, performing work, professionally judging, and communicating results.

48. The UAIG's chief audit executive must report, communicate, and interact to a level within the Audited Entity that allows the UAIG to fulfill its responsibilities, whether that level is the organization's senior management or the board, if any. ([Wording from SFC Normative Instruction no. 07/2017](#))

49. In cases when the UAIG's chief audit executive has management duties and responsibilities other than those concerned with the internal auditing activities, or the UAIG's chief audit executive is expected to perform such management duties and responsibilities within the Audited Entity, safeguards must be adopted to avoid losses to technical independence and objectivity. If the UAIG's chief audit executive does have such management duties and responsibilities, assurance engagements for functions over which he or she has responsibility must be overseen by a party outside the internal auditing unit.

Objetivity

50. Government internal auditors must conduct their work impartially and exempted from bias, conflict of interest or the undue influence of others, as well as they must not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment.

51. Auditors must declare impediments in facing circumstances that could pose threats to the conduct of their professional duties. Whenever doubly about potential risks to objectivity, auditors must seek guidance from their supervisors, or the ethics committee, or similar appropriate body within the auditing organization.

52. Government internal auditors must refrain from assessing specific operations in which they have been involved in the last 24 months, either as managers or as a result of professional, business, personal, family or other ties, even if they have only performed activities at operational levels.

53. Governmental internal auditors may provide consulting services relating to operations which they have previously assessed or may assure operations for which they have previously provided consulting services. The nature of consulting services must not impair objectivity, provided that individual objectivity is managed in the auditing resource allocation. Any consulting service must be refused under circumstances that pose potential threats to technical independence or objectivity.

54. As a matter of objectivity assumption, auditing communications must be precise, and its conclusions and opinions on the examined situations must be supported by sufficient and adequate criteria and evidence.

Professional Secrecy

55. Public information and other public resources must only be used in official matters. The use of relevant or potentially relevant information obtained as a result of the auditing work for the benefit of the auditor's personal, family or organizational interests is prohibited and compromises the internal auditing professional practice credibility.

56. Auditors must maintain confidentiality and protect data and information acquired as a result of the auditing work. In the course of their duties, auditors must maintain professional secrecy notwithstanding information that is not directly related to the audit scope.

57. Government internal auditors must not disclose information regarding the performed or to be performed auditing work or pass it on to third parties without the competent authority's prior consent.

58. Communications on the auditing work must always take place at the institutional level and include all material facts known to the auditor which, if not disclosed, can distort the report to be presented on the activities under assessment.

Proficiency and Due Professional Care

59. Proficiency and due professional care are associated with the knowledge, skills, and other competencies required of the government internal auditor to provide reasonable assurance regarding the opinions issued by the UAIG. The professional practice of government internal auditing is assumed to be performed with proficiency and due professional care, in compliance with this Framework and other standards.

Proficiency

60. Proficiency is a collective term that refers to the professional proficiency required of government internal auditors to effectively carry out their professional responsibilities. Government internal auditors must possess and maintain the knowledge, skills, and other competencies needed to perform their individual responsibilities.

61. Government internal auditors collectively must possess the knowledge, skills, and other competencies needed to perform the engagement. They must have sufficient knowledge of audit techniques, identification and mitigation of risks, and auditing standards; an understanding of the Audited Entity's operations; comprehension and experience in their assigned work; and ability to exercise the due professional judgment.

62. Government internal auditors must have sufficient knowledge of the main risks of fraud and key information technology risks and controls, as well as of the available technology-based audit techniques to perform their assigned work.

63. The UAIG and government internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.

64. The UAIG chief audit executive must decline a specific engagement or obtain competent technical assistance, such as inspection and advise services, by a party outside the internal auditing unit if the internal auditors lack, or cannot timely and satisfactorily acquire, the knowledge, skills, or other competencies needed to perform all or part of the auditing engagement. The work performed by external experts must be properly supervised by the UAIG.

Due Professional Care

65. Due professional care refers to the expected attitude of government internal auditors in conducting the audit engagement and the results obtained. Auditors must possess the necessary skills and apply the expected care of a prudent and competent government internal auditor. Auditors must maintain a professional skeptic attitude; act carefully; demonstrate diligence and responsibility in the performance of the tasks assigned to them to minimize the possibility of errors, and seek to act in a precipitously preventive manner.

66. Due professional care applies to all assurance and consulting engagement phases. Audit planning must consider the extent and objectives of the engagement, the needs of clients, the complexity, materiality, or significance of matters to which assurance procedures are applied, and must foresee the use of technology-based audit and other data analysis techniques.

67. Government internal auditors must consider the adequacy and effectiveness of governance, risk management, and control processes of the Audited Entity, the probability of significant errors, fraud, or noncompliance, as well as the cost of assurance and consulting services concerning potential benefits.

68. Government internal auditors must be alert to the significant risks that might affect the Audited Entity's objectives, operations, or resources. However, one should keep in mind that assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.

CHAPTER IV – MANAGING THE GOVERNMENT INTERNAL AUDIT ACTIVITY

69. The UAIG must be effectively managed to ensure that the government internal audit activity adds value to the Audited Entity and the policies under its responsibility, as well as to foster the improvement of its governance, risk management, and control processes.

Section I – Work Objectives

70. Government internal audit activity must be performed using a systematic, disciplined, and risk-based approach. Each audit engagement must have objectives that comply with the purpose of the internal audit activity and contribute to the accomplishment of the Audited Entity’s institutional objectives and strategies.

Governance

71. The UAIG must assess and, whenever necessary, make appropriate recommendations for improving the Audited Entity’s governance process in its accomplishment of the following objectives:

- a) promoting appropriate ethics and values within the Audited Entity;
- b) ensuring effective organizational performance management and accountability;
- c) communicating risk and control information to appropriate areas of the Audited Entity; and
- d) coordinating the activities of and communicating information among the board, if any, external and internal auditors, and management.

72. Internal audit activity must also evaluate the design, implementation, and effectiveness of the Audited Entity’s ethics-related objectives, programs, and activities. Internal audit activity must assess whether the Audited Entity’s information technology governance supports its strategies and objectives.

Risk Management

73. Senior management and the board, if any, are responsible for the risk management process. The risk management process must cover the entire organization, and consist of identifying, analyzing, evaluating, treating, monitoring, and communicating the risks which the Audited Entity is exposed to.

74. The UAIG must evaluate the effectiveness and contribute to the improvement of the Audited Entity’s risk management processes. In this process, the UAIG must observe whether:

- a) significant risks are identified and assessed;
- b) appropriate risk responses are selected that align risks with the Audited Entity’s risk appetite; and
- c) relevant risk information is promptly captured and communicated, enabling whoever is responsible to carry out his or her responsibilities.

75. The UAIG must evaluate especially risk exposures relating to the Audited Entity's governance, operations, and information systems. This evaluation must identify whether there is any compromise regarding the:

- a) achievement of the strategic objectives;
- b) reliability and integrity of information;
- c) effectiveness and efficiency of operations and programs;
- d) safeguarding of assets; and
- e) compliance with laws, policies, procedures, and internal and external regulations.

76. Government internal auditors must evaluate the potential for the occurrence of fraud and identify whether the organization has controls to address these fraud risks.

77. The UAIG may provide consulting services with the purpose of assisting the Audited Entity in identifying risk and control management methodologies. However, government internal auditors must refrain from effectively participating in risk management given that the Audited Entity is exclusively responsible for it.

78. The UAIG must promote awareness-raising, learning, and guidance initiatives on the subject addressed to managers and senior management, especially whereas the Audited Entity does not have a risk management process.

Internal Controls

79. The UAIG must assist the Audited Entity in maintaining effective controls by assessing whether they are identified, applied and effective in responding to risks. Still in this line of assistance, the UAIG must assess whether senior management is aware of its responsibility for the implementation and continuous improvement of those controls, exposure to internal and external risks, communication and acceptance of risks.

80. The evaluation on the adequacy and effectiveness of internal controls in responding to risks within the Audited Entity's governance, operations, and information systems must consider the:

- a) achievement of the strategic objectives;
- b) reliability and integrity of information;
- c) effectiveness and efficiency of operations and programs;
- d) safeguarding of assets; and
- e) compliance with laws, policies, procedures, and internal and external regulations.

81. In assessing internal controls, audit planning must consider identifying the scope and selecting tests that allow the provision of adequate and sufficient evidence on the existence and functioning of the organization's control process. The knowledge acquired as a result of other assessment and consulting engagements carried out at the Audited Entity should be considered.

82. Internal controls assessment must consider the following components: control environment, risk assessment, control activities, information and communication, and monitoring.

Section II – Planning, Communication, and Approval of the Internal Auditing Plan

83. The UAIG's chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the Audited Entity's institutional objectives and goals.

Planning

84. The definition of the Internal Auditing Plan constitutes the stage of identifying the audit engagements to be primarily performed by the UAIG in a specific period of time. Planning must consider the Audited Entity's strategies, objectives, priorities, and the risks which its processes are subject to. The result is a risk-based internal auditing plan.

85. When developing the Internal Auditing Plan, the UAIG must previously identify the auditable universe and consider the expectations of senior management and other stakeholders regarding the internal audit activity. In this matter, the Audited Entity's risk management framework must also be taken into account.

86. If a risk management framework does not exist, the UAIG must communicate with senior management to gather information on their expectations and obtain an understanding of the main processes and the associated risks. In response to that information, the UAIG must develop the Internal Auditing Plan, prioritizing the processes or organizational units under greater risk.

87. In planning, government internal auditors must consider the knowledge acquired as a result of the assurance and consulting services provided on governance, risk management, and internal control processes.

88. The Internal Auditing Plan must consider the need for an emphasis rotation on auditable objects, avoiding the accumulation of audit work on the same object and allowing that lower risk objects may also be periodically assessed.

89. The risk assessment process supporting the UAIG's Internal Auditing Plan must be documented and discussed with senior management at least annually.

90. The UAIG must establish a permanent communication channel with the Audited Entity's units responsible for receiving whistleblowing reports, as well as with other public bodies that hold this responsibility, in support of planning and performing the internal audit work.

91. The UAIG chief audit executive should consider accepting proposed consulting engagements based on the engagement's potential to improve the Audited Entity's governance, risk management, and internal control processes. Accepted engagements must be included in the Internal Auditing Plan.

92. The UAIG planning should be flexible concerning the possibility of changes in the Audited Entity's organizational context. For example, changes in strategic planning, revision of objectives, significant changes in major risk areas, or even changes in external conditions.

Communication and Approval

93. SCI units and sector units must annually send their Internal Auditing Plan, and any modifications, to the SCI central body or to the Ciset, whenever the case, for technical supervision matters. ([Wording from SFC Normative Instruction no. 07/2017](#))

94. SCI sector units and Audin must send their Internal Auditing Plan proposal, and any modifications, to CGU, Ciset, or SCI sector units, whenever the case, to harmonize planning, rationalize resource use, and avoid work overlapping. ([Wording from SFC Normative Instruction no. 07/2017](#))

95. CGU, Ciset, and sector units must express their opinion on the Internal Auditing Plan proposals and recommend, when necessary, the inclusion or exclusion of specific engagements. The absence of timely manifestation does not prevent the sector units and Audin of internally approving their planning. ([Wording from SFC Normative Instruction no. 07/2017](#))

96. At least once a year, Audin must send their Internal Auditing Plan, together with its estimated implementation resources, to the board, if any, or to senior management for approval. The same procedure must be adopted whenever significant changes impact the original planning. ([Wording from SFC Normative Instruction no. 07/2017](#))

97. After the approval of the Internal Auditing Plan, the Audin must communicate the final version to CGU, Ciset, or sector units, as appropriate. Similarly, sector units must send the final version of their Internal Auditing Plan to the Ministry of Defense's Ciset. ([Wording from SFC Normative Instruction no. 07/2017](#))

98. CGU, Ciset, and sector units must consider Audin and SCI sector unit's planning, as appropriate, in the form of insights for their Internal Auditing Plan development. Except when facing possible effectiveness impairment, they must communicate their planning to maintain a harmonious and cooperative environment among them. ([Wording from SFC Normative Instruction no. 07/2017](#))

99. The bodies and entities that constitute the SCI must communicate the Internal Auditing Plan to their respective Audited Entities. ([Wording from SFC Normative Instruction no. 07/2017](#))

Resource Management

100. The UAIG's chief audit executive must ensure that the necessary staff, financial, and technological resources are available and adequate to achieve the approved Internal Auditing Plan. To this end, the resources must possess the following attributes:

- a) sufficient: in the quantity needed to accomplish the audit work.
- b) appropriate: the mix of knowledge, skills, and other competencies needed to perform the audit work.
- c) effectively deployed: used in a way that optimizes the achievement of the audit work objectives.

Policies, Procedures, and Coordination

101. The UAIG must establish policies and procedures to guide the internal audit activity. The form and content of policies and procedures are dependent upon the size and structure of the UAIG and the complexity of its work.

102. The UAIG's chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services, such as other responsible UAIG, auditing bodies, and external control bodies. ([Wording from SFC Normative Instruction no. 07/2017](#))

Reporte para a Alta Administração e o Conselho Reporting to Senior Management and the Board

103. The UAIG's chief audit executive must report periodically to senior management and the board, if any, on the internal audit activity's performance. Reporting must also include information on:

- a) UAIG's purpose, authority, and responsibility;
- b) comparison on the performed work and the approved plan;
- c) unaccepted recommendations that pose risks to governance, risk management, and control processes;
- d) UAIG's significant risk exposures and internal control issues.

104. In order to enable technical supervision, Cisets are expected to send information on the Internal Auditing Plan execution to the SCI's Central Office. Similarly, Audins and sector units are expected to send CGU or Ciset information on the Internal Auditing Plan execution.

Section III – Quality Assurance and Improvement

105. Quality assurance promotes a culture that results in behaviors, attitudes, and processes that provide the delivery of high aggregated value products, attending the stakeholders' expectations. All internal auditors, led by the UAIG's chief audit executive, are responsible for the quality assurance program.

106. The UAIG must develop and maintain a Quality Assurance and Improvement Program (PGMQ) that covers all the aspects of the government internal audit activity, from its management to the monitoring of recommendations, complying with the requirements of this Framework, other legal applied requirements, and national and international good practices related to the subject.

107. The Quality Assurance and Improvement Program must include both internal and external assessments oriented to quality evaluation and identification of improvement opportunities.

108. Internal assessments must include ongoing monitoring of the internal audit activity performance and periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of government internal audit practices.

109. External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the UAIG or from other UAIG. External assessments can be in the form of a self-assessment with independent external validation. In all cases, reciprocal evaluations are prohibited.

110. Internal and external assessments may be conducted under consolidated frameworks or methodologies.

111. The UAIG must determine the form, frequency, and requirements of external assessment, as well as the minimum qualifications of the external assessor or assessment team, including the criteria to avoid any conflict of interest.

112. The UAIG's chief audit executive must periodically communicate the results of the PGMQ to senior management and the board if any. The communication must contain the results of the internal and external assessments, the vulnerabilities that may compromise the quality of the internal audit activity, and the related corrective action plan, whenever the case.

113. The UAIG may state that the internal audit activity conforms with this Framework and with the International Standards for the Professional Practice of Internal Auditing only if the results of the PGMQ support this statement.

114. When nonconformance with this Framework impacts the overall scope or operation of the internal audit activity, the UAIG's chief audit executive must disclose the nonconformance and the impact to senior management and the board, if any, and to the respective technical supervisory unit for establishing actions to remedy the nonconformance.

115. External assessment services must be evaluated under the PGMQ conformance and quality criteria, which do not exempt the establishment of specific criteria in accepting and incorporating the conclusions of the external experts into the UAIG's work.

CHAPTER V – PERFORMING THE INTERNAL AUDIT ACTIVITY

116. The performance of the activities according to the Internal Auditing Plan must consider planning, execution, communication of results, and monitoring phases. During all work stages, the UAIG's chief audit executive must provide adequate supervision to ensure the accomplishment of the audit work and the quality of the deliveries.

117. Internal audit activities are performed by the UAIG's auditors. If necessary, government auditors outside the UAIG may participate in audit engagements to ensure the collective competencies of the audit team.

118. For each engagement, the UAIG's chief audit executive must designate an audit team consisting of government internal auditors who collectively have the necessary proficiency to successfully perform the work.

119. Auditors must develop and document a plan for each engagement, which establishes the main parameters for the analyses, including information on the engagement's objectives, scope, procedures and techniques, timing, and resource allocations. The quality of the planning process demands sufficient time and resource allocation.

Engagement Planning Considerations

120. In planning the engagement, internal auditors must consider the relevant aspects of the work, especially:

a) the strategies and objectives of the Audited Entity and the means by which its performance is monitored;

b) the significant risks to Audited Entity's objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level;

c) the adequacy and effectiveness of the Audited Entity's governance, risk management, and control processes compared to a relevant framework or model. The opportunities for making significant improvements to the Audited Entity's processes, eliminating ineffective controls, and contributing to efficiency gains and improved deliveries.

d) the timeliness to perform the work in face of the availability of reliable data and information, auditors with specific knowledge and skills, and the absence of conflicts of interest.

121. The appropriate and sufficient resources to achieve engagement objectives must be established based on an evaluation of the nature and complexity of each engagement, its risks, and the auditor's confidence level on the actions the management has taken to mitigate the risks, as well as time constraints and available resources. The contingent need for external assistance also has to be considered whenever additional knowledge and skills are required.

122. The engagement planning must consider and document the following activities among others that the audit team has considered relevant:

- a) preliminary analysis of the engagement object;
- b) definition of the engagement objectives and scope, considering the main risks and the adequacy and sufficiency of the established control mechanisms;
- c) development of the engagement work program;
- d) workforce allocation considering the engagement demands, the auditors' professional profile, and the timing for the audit examinations;
- e) appointing the auditor responsible for coordinating the work.

123. The audit engagement core aspects must be analyzed, understood, and shared among the team members during the planning process.

124. When planning an engagement with parties outside the UAIG, the involved audit units must establish a written understanding with themselves about objectives, scope, respective responsibilities, and other expectations, including restrictions on distribution of the results of the engagement and access to engagement records.

125. Regarding the provision of consulting services, a previous understanding of expectations, objectives, scope, respective responsibilities, and recommendations monitoring must be established with the Audited Entity. This understanding must be properly documented.

Preliminary Analysis on the Engagement Object

126. Internal auditors must collect and analyze data and information about the Audited Entity with the aim of obtaining sufficient knowledge of its purpose, functioning, major risks and the actions the management has taken to mitigate those risks. This is the basis for the establishment of the engagement objectives, examinations, and resource allocation.

127. Interaction with management and experts, rules and regulations, information technology systems, financial and operational information and records, operational standards, reports on risk management, previous engagements results, news published in the media, whistleblowing reports, and legal and judicial complaints, among others, constitute sources of information that may be considered in the preliminary analysis.

Engagement Objectives

128. For each engagement, specific objectives must be established in order to determine the purpose, scope, and extent of examinations.

129. When developing the engagement objectives, auditors must consider the probability of significant errors, fraud, noncompliance, and other risk exposures that the Audited Entity is subject to.

130. In the provision of assessment services, auditors must conduct a preliminary evaluation of the major risks and the control practices, in the face of the understanding of the Audited Entity and the engagement objectives. The nature and extent of the examinations must reflect the results of this assessment.

131. Adequate criteria are needed to evaluate governance, risk management, and controls. These criteria may be obtained from several sources of information, including rules and regulations, principles, internal policies, and good practices. Evaluation criteria must be previously presented and discussed with the Audited Entity's management.

132. Government internal auditors must ascertain the extent to which the Audited Entity has established adequate internal criteria to determine whether objectives and goals have been accomplished. If adequate, government internal auditors must use such criteria in their evaluation. If inadequate, internal auditors must identify appropriate evaluation criteria through discussion with management.

133. In the provision of consulting services, engagement objectives must cover governance, risk management, and internal control processes, in the previously agreed extent, which must be consistent with the Audited Entity's values, strategies, and objectives.

Engagement Scope

134. The established scope must be sufficient to achieve the objectives of the engagement as well as to pose a clear statement on the focus, extent, and limits of the audit work.

135. The UAIG may use the results of engagements performed by other UAIG, external control bodies, or audit firms to assist in defining the engagement scope. In these cases, it must be noted whether the:

a) nature, objectives, extent, and timing of the performed engagement are compatible with the planned engagement;

b) engagement was risk-based performed; and

c) engagement was performed in compliance with this Framework and other professional standards.

136. In performing assessment engagements, the scope of the engagement must include consideration of relevant systems, records, personnel, and relevant physical properties, including those under the control of third parties.

137. In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. Any changes or restrictions as to scope should be properly discussed and agreed with the Audited Entity.

Engagement Work Program

138. The work program must be documented and provide the necessary procedures to respond to the specific engagement objectives.

139. Work programs for assessment engagements must include audit questions, adopted criteria and techniques, as well as the nature and extent of the necessary procedures for identifying, analyzing, evaluating, and documenting information during the engagement.

140. Work programs for consulting engagements may vary in form and content depending upon the nature of the engagement.

141. The work program must be documented and approved by the engagement supervisor prior to its implementation and any adjustments approved promptly.

Section II – Developing the Engagement

142. The development of the engagement includes the audit tests, and the identification, analysis, evaluation, and documentation of sufficient information. The execution steps must be properly supervised to ensure the achievement of the engagement's objectives.

Performing the Engagement

143. During the engagement, government internal auditors must perform the audit tests established in the work program in order to identify sufficient, reliable, relevant, and useful information to achieve the engagement's objectives.

144. Government internal auditors must have free access to the Audited Entity's facilities, personnel, information, processes, records, databases, and systems to ensure adequate engagement performance. Any restrictions on access must be immediately communicated in writing to senior management and the board, if any, requesting the actions needed for the engagement continuity.

145. Starting the engagement, the audit team must present the objective, nature, timing, extent, and communication form of engagement results to the Audited Entity.

146. If consulting opportunities arise during an assurance engagement, the acceptance of a consulting engagement depends on its inclusion in the UAIG's Internal Auditing Plan.

147. During consulting engagements, internal auditors must address governance, risk management, and internal control processes consistent with the engagement's objectives and be alert to significant control issues that must be considered and reported to senior management and the board, if any.

Analysis and Evaluation

148. Government internal auditors must base conclusions and engagement results on appropriate analyses and evaluations. Such analyses and evaluations must incorporate appropriate audit techniques and tests, and the comparison criteria established during the engagement planning stage.

149. The audit team must inform and discuss the findings which indicate relevant nonconformance with the Audited Entity's senior management. It must be granted an adequate deadline to ensure timely written manifestations or additional information to contribute to an understanding of facts or the development of solutions.

Documenting Information

150. Government internal auditors must prepare working papers to document the information obtained, the analyses made, and the evidence produced during the engagement. Evidence must constitute

sufficient, reliable, relevant, and useful information, properly organized and referenced, in order to support the conclusions and engagement results.

151. The organization of engagement working papers must permit the identification of the auditors responsible for preparing and reviewing them. The review of working papers must ensure the technical accuracy and completeness of the work performed, the achievement of the engagement objectives and that conclusions and engagement results were documented.

152. The UAIG's chief audit executive is responsible for establishing working paper policies related to structure, organization, and storage. Digital media is preferably used to document and store working papers.

153. Preservation and traceability of working papers must be ensured regardless of the means used to store them.

154. Policies on granting access to engagement working papers must:

- a) nominate internal or external parties to the UAIG who can be granted access to engagement records, and how requests for access to those records are to be handled;
- b) consider maintaining the confidentiality of the information consistent with legal requirements; and
- c) obtain the approval of the UAIG's senior management and/or legal counsel prior to releasing the records.

Engagement Supervision

155. Internal audit engagements must be properly supervised to ensure that objectives are achieved, significant professional judgment is consistent, and the quality of the deliveries is assured.

156. The UAIG's chief audit executive has overall responsibility for supervising the engagement, whether performed by or for the internal audit activity, but may designate appropriately knowledgeable and experienced members of the UAIG to perform the review.

157. Supervision is a process that begins with planning and continues throughout the engagement including monitoring progress. The process must include:

- a) ensuring designated auditors collectively possess the required knowledge, skills, and other competencies to perform the engagement;
- b) providing appropriate instructions during the planning of the engagement and approving the engagement program;
- c) ensuring the approved engagement program is completed unless changes are justified and authorized;
- d) determining engagement working papers adequately support engagement observations, conclusions, and recommendations;

e) ensuring engagement communications are accurate, objective, clear, concise, constructive, and timely; and

f) ensuring engagement objectives are met.

158. The extent of supervision required will depend on the proficiency and experience of government internal auditors and the complexity of the engagement.

159. The engagement supervision process may be shared among the UAIG's chief audit executives in engagements performed by auditors from different UAIG. In these situations, responsibilities must be determined during engagement planning.

160. The UAIG's chief audit executive must establish policies and procedures to ensure that engagement supervision is performed and documented. Mechanisms to provide standards intended to resolve differences in understandings as a result of individual professional judgment must be developed.

Section III – Communicating Results

161. Communication of engagement results is mainly addressed to the Audited Entity's senior management. Nevertheless, communication of engagement results may be addressed to stakeholders as external control bodies and the society.

162. Communication of engagement results represents the UAIG's opinion based on the analyses performed by the audit team, information, explanations given by management, and the possible solutions discussed with the Audited Entity.

163. Communications must demonstrate the engagement's objectives and scope, the extent of the performed examinations, as well as applicable conclusions, recommendations, and action plans. Communications must be accurate, objective, clear, concise, constructive, complete, and timely.

164. Communication of assessment engagement results aims to express the internal auditors' opinion and/or conclusions. It must:

a) take account of the expectations of senior management, the board (if any), and other stakeholders;

b) be supported by sufficient, reliable, relevant, and useful information;

c) communicate on the acknowledgments of satisfactory or unsatisfactory performance;

d) include recommendations for improvements that primarily address the root causes of the issues and add value to the Audited Entity.

165. Communication of the progress and results of consulting engagements will vary in form and content depending upon the nature of the engagement and the needs of the Audited Entity.

166. The UAIG must communicate engagement results through reports or other instruments consistent with official federal communication norms, other applicable norms, and good internal audit practices. In any case, compliance with this Framework's requirements is mandatory.

167. When nonconformance with the requirements of this Framework impacts a specific engagement, communication of the results must disclose the object, reasons, and impact of nonconformance on the engagement and the communicated engagement results.

Disseminating Results

168. Final communication of engagement results must be published on the Internet as an accountability instrument of public management and in compliance with the Federal Constitution publicity principle. Engagement results of the Audin of bodies and entities that perform economic, commercial, or regulatory activities are excepted from this ruling.

169. Prior to publishing the report, the Audited Entity must be consulted about any confidential information within the final communication of engagement results, according to applicable legal requirements.

170. Engagements under judicial secrecy or involving confidential information may be subject to restrictions on disseminating results, either in dialogue with the Audited Entity or communicating and publishing reports.

171. If a final communication contains a significant error or omission, the UAIG's chief audit executive must communicate corrected information to all parties who received the original communication as well as update the previously published version.

Overall Opinions

172. The UAIG's chief audit executive may approach the Audited Entity's governance, risk management, and internal control processes broadly, considering the organization as a whole, and based on an overall opinion.

173. The issue of an overall opinion must be based on a sufficient set of individual engagements performed during a specific period and supported by proper and sufficient audit evidence. The reasons for an unfavorable overall opinion must be stated.

174. When an overall opinion is issued, it must take into account the strategies, objectives, and risks of the organization; and the expectations of senior management, the board, and other stakeholders.

175. An overall opinion communication will include:

- a) the scope, including the period to which the opinion pertains, and the scope limitations;
- b) consideration of all related individual engagements, including the reliance on other assurance providers;
- c) a summary of the information that supports the opinion;

- d) the risk or control framework or other criteria used as a basis for the overall opinion;
- e) the overall opinion, judgment, or conclusion reached.

Section IV – Monitoring Progress

176. Audited Entity's senior management is responsible for ensuring that management actions recommended by the UAIG have been effectively implemented. Otherwise, senior management must formally accept the risk of not taking action.

177. The UAIG must permanently monitor the recommendations communicated to the Audited Entity. This monitoring activity must be included in the Internal Auditing Plan.

178. The extent of the monitoring process must be based on the risks involved, the complexity of the recommendations, and the maturity level of the Audited Entity.

179. Recommendations issued as a result of assessment engagements must be actively monitored regardless of the type of the communication instrument. Recommendations may be modified or canceled during the monitoring phase as a result of changes in their object or in the Audited Entity's context. The extent of monitoring the disposition of results of consulting engagements must be agreed with the Audited Entity during the engagement planning phase.

180. When the UAIG concludes that the Audited Entity has accepted a level of risk that may be unacceptable to the organization, the UAIG's chief audit executive must discuss the matter with senior management or the board, if any.

181. The UAIGs must quantify and record the results and benefits of their operations, adopting principles and methodology compatible with the SCI central body regulations to allow data consolidation.

GLOSSARY

Accountability: Obligation of persons or entities, including state-owned companies and corporations, entrusted with public resources to be answerable for the fiscal, managerial and program responsibilities that have been conferred on them, and to report to those that have conferred these responsibilities on them.

Add Value The internal audit activity adds value to the organization (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management, and control processes.

Senior Management: Senior management represents the highest hierarchical and strategic level in an entity of the Federal Public Administration including its direct and indirect agencies. In Federal Direct Public Administration, senior management is, as a rule, constituted by the Ministers of State and the National Secretaries; in Federal Indirect Public Administration, there are Presidents, Chief Executive Officers, and boards of directors. However, for the purposes of this Framework, persons responsible for decision-making at strategic levels, regardless of the nature or denomination of the Unit, are considered senior management. Therefore, they are responsible for governance, risk management, and internal controls. The UAIG should report to them, as they are capable of developing a consolidated risk view and establish the organization's risk appetite, implement the management improvements to address risks, and effectively address the recommendations from the UAIG. In Audited Entities where the board does not exist, senior management also performs its functions.

Internal Control Special Advisory Boards and Advisors (AECI): Individual positions or structures in the Ministries headed by Internal Control Special Advisors, who are responsible for directly assisting the Ministers of State on internal control matters, among other duties. AECI integrates the second line of defense as they assist management in developing processes and controls to manage risks and monitor controls.

Government Internal Audit Activity: Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve government organization's operations. Government Internal Audit Activity represents the third line of defense. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Government Internal Auditor: Public servant or employee, civilian or military, who performs the activities of the government internal audit function in a Government Internal Auditing Unit. Their duties and responsibilities are established by this Framework.

Professional skepticism: An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.

Internal Control Components: The components of the internal control framework are: a) control environment – set of norms, processes, and actions that provides the discipline and structure for the achievement of the primary objectives of the internal control system; b) risk assessment – processes performed to obtain an understanding of the entity and its environment, including the entity's internal control, to identify and assess the risks that could significantly affect the achievement of organizational objectives; c) control activities – set of policies and procedures that help ensure that management's

directives to mitigate risks to the achievement of objectives are carried out as well as the safeguard of assets; d) information and communication – communication is the continual, iterative process of providing, sharing, and obtaining necessary information concerning the importance of internal control responsibilities in support to the functioning of other components of internal control; and e) monitoring – process to assess the effectiveness of internal control performance over time. It includes assessing the design and operation of controls on a timely basis and taking necessary corrective actions modified for changes in conditions.

Communications (attributes): Communications must be: a) clear: communications are easily understood and logical, avoiding unnecessary technical language and providing all significant and relevant information; b) complete: communications lack nothing that is essential to the target audience and include all significant and relevant information and observations to support recommendations and conclusions; c) concise: communications are to the point and avoid unnecessary elaboration, superfluous detail, redundancy, and wordiness; d) constructive: communications are helpful to the engagement client and the organization and lead to improvements where needed; e) objective: communications are fair, impartial, and unbiased and are the result of a fair-minded and balanced assessment of all relevant facts and circumstances; f) accurate: communications are free from errors and distortions and are faithful to the underlying facts; and g) timely: communications are opportune and expedient, depending on the significance of the issue, allowing management to take appropriate corrective action.

Conflict of Interest: Any situation in which the government internal auditor has a professional or personal interest that conflicts with the engagement performance and impairs an individual's ability to perform his or her duties and responsibilities objectively. Those situations may arise before or during the engagement and undermine confidence in the auditor, UAIG, Audited Entity, or internal audit activity.

Board: The highest level governing body charged with the responsibility to direct and/or oversee the organization's activities and hold senior management accountable. It does not relate to any committee or body of consulting or advisory nature. Within the Federal Public Administration, the board is often found at its indirect agencies and state-owned companies. Typically, representatives of shareholders or a board of directors constitute the board. Although governance arrangements vary among jurisdictions and sectors, the denomination of "the board" must be based on its legal and regimental decision-making powers. In organizations where the board does not exist, senior management also performs its functions.

Internal Controls: Process that involves a set of rules, procedures, guidelines, protocols, systemic routines, checks, and procedures of documentation and information, among others, operationalized in an integrated manner by senior management, managers, public servants and employees of the bodies and entities within the Federal Public Administration. It is designed to address the risks and provide reasonable assurance about the achievement of an entity's mission and the following general objectives: a) orderly, ethical, economical, efficient and effective execution of operations; b) fulfillment of accountability obligations; c) compliance with applicable laws and regulations; and d) safeguarding of assets to prevent loss, waste, and misuse. The establishment of internal controls within public management essentially aims to increase the likelihood that the objectives and goals will be effectively, efficiently, and economically achieved.

Fraud: Any illegal act characterized by deceit, concealment, or violation of trust. Frauds are perpetrated by parties and organizations to obtain money, property, or services; to avoid payment or loss of services, or to secure personal or business advantage.

Risk Management: Process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organization's objectives.

Management: Public servants or employees, civilian or military, either career officials or nominees, of the bodies and entities of the Federal Public Administration, who are responsible for coordinating and conducting the organization's processes, especially those related to risk management and controls.

Governance: The combination of processes and structures implemented by senior management to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives. In the public sector, governance essentially comprises the leadership, strategy, and control mechanisms practiced to evaluate, direct and monitor management performance to implement policies and provide services of interest to society.

Information (attributes): Evidence consists of information collected and analyzed by government internal auditors. Information must be: a) reliable: information is the best attainable information through the use of appropriate engagement techniques; b) relevant: significant information supports engagement observations and recommendations and is consistent with the objectives for the engagement; c) sufficient: information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the auditor; and d) useful: information that helps the organization meet its goals.

Engagement Object: Unit, function, process, system, or similar under the Audited Entity's responsibility on which assessment or consulting services may be performed by the UAIG.

Engagement Work Program: Document that contains the procedures to be applied during an assurance engagement to accomplish the work planning.

Chief Audit Executive of the Government Internal Auditing Unit (UAIG): Highest senior position responsible for effectively managing the internal audit activity in accordance with this Framework, other mandatory norms, and good practices related to government internal audit activity, regardless the delegation of his/her duties. In SCI, the Chief Audit Executive is: a) at CGU, the Federal Secretary of Internal Control; b) at Ciset, the respective Secretaries of Internal Control; c) at Sector Units, the Officers/Directors; and d) at Audin, the Chief-Auditor. ([Wording from SFC Normative Instruction no. 07/2017](#))

Risk: The possibility of an event occurring that will have an impact on the achievement of objectives. Typically, risk is measured in terms of impact and likelihood.

Assurance Services: An objective examination of evidence for the purpose of providing a technically independent assessment on governance, risk management, and control processes for the bodies and entities within the Federal Public Administration.

Consulting Services: Advisory activities, the nature and scope of which are agreed with a specific body or entity within the Federal Public Administration, are intended to add value and improve an organization's governance, risk management, and control processes without the government internal auditor assuming management responsibility.

Technical Supervision: Activity exercised by SCI central body and SCI sector bodies, in their respective areas of jurisdiction, within the Federal Executive Branch. It is carried out through regulation, guidance, training, and performance evaluation of SCI units and SCI auxiliary units to harmonize the government internal auditing practice and promote compliance with national and international standards, as well as quality assurance of the engagements. Technical supervision does not imply any hierarchical subordination.

Audited Entity: Body of Entity within the Federal Public Administration to which a particular UAIG is responsible for contributing to management through assessment and consulting services. For the purposes of this Framework, the terminology Audited Unit in the context of assessment and consulting engagements, may also be understood as a macro-process, process, management unit, or object on which engagement is performed.

Government Internal Auditing Unit (UAIG): Unit responsible for providing independent and objective assessment and consulting services to add value and improve an organization's operations. It exercises the legal responsibilities of management and operation regarding the government internal audit activities in the Federal Public Administration bodies and entities. They represent the third line of defense within the Federal Executive Branch.

Singular Internal Auditing Unit (Audin): Singular internal auditing units of the bodies and entities within the Federal Executive Branch, including the agencies of the direct and indirect administration. [\(Wording from SFC Normative Instruction no. 07/2017\)](#)

Auditable Universe: Set of engagement objects entitled to prioritization by the UAIG when developing the Internal Auditing Plan.