

SIAAB Quality Assurance Matrix

GC = Generally Conforms; PC = Partially Conforms; DNC = Does Not Conform

Authoritative Reference	SIAAB Effective Date	IIA ATTRIBUTE STANDARDS	Conclusion		
AS 1000	Dec. 10, 2008	<p>Purpose, Authority, and Responsibility: The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.</p> <p>Interpretation: <i>The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board.</i></p>	GC	PC	DNC
AS 1000.A1	Dec. 10, 2008	The nature of assurance services provided to the organization must be defined in the internal audit charter. If assurances are to be provided to parties outside the organization, the nature of these assurances must also be defined in the internal audit charter.	GC	PC	DNC
AS 1000.C1	Dec. 10, 2008	The nature of consulting services must be defined in the internal audit charter.	GC	PC	DNC
AS 1010	Dec. 10, 2008	Recognition of the Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter: The mandatory nature of the Definition of Internal Auditing, the Code of Ethics, and the Standards must be recognized in the internal audit charter. The chief audit executive should discuss the Definition of Internal Auditing, the Code of Ethics, and the Standards with senior management and the board.	GC	PC	DNC

**Workpaper
Reference**

**Initials
/Date**

1. Obtain a copy of the Internal Audit Charter and verify the following:

- a. The chief executive officer and the governing board, if applicable, have approved the Charter. **(AS 1000)**
[30 ILCS 10/2002(b)]
- b. The purpose, authority, and responsibility of the internal audit activity is clearly defined in the Charter and is consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. **(AS 1000)**
- c. The nature of assurance services provided within and to parties outside the organization are clearly defined in the Internal Audit Charter. **(AS 1000.A1)**
- d. The nature of consulting services provided by the internal audit activity has been clearly defined in the Internal Audit Charter. **(AS 1000.C1)**

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			Initials /Date

e. The mandatory nature of the Definition of Internal Auditing, the Code of Ethics, and the Standards has been recognized in the Internal Audit Charter and discussed with senior management and the board. **(AS 1010)**

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AS 1100	Dec. 10, 2008	<p>Independence and Objectivity: The internal audit activity must be independent, and internal auditors must be objective in performing their work.</p> <p>Interpretation: <i>Independence is the freedom from conditions that threaten the ability of the internal audit activity or the chief audit executive to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the chief audit executive has direct and unrestricted access to senior management and the board. This can be achieved through a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional and organizational levels.</i></p> <p><i>Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels.</i></p> <p>SIAAB Interpretation: If an Agency determines an audit committee is necessary for its internal audit function to achieve its independence under IIA Attribute Standard 1110 "Organizational Independence" the audit committee should follow the IIA guidance provided by the most recent corresponding practice advisory and position statements."</p>	GC	PC	DNC
AS 1110	Dec. 10, 2008	<p>Organizational Independence: The chief executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity.</p>	GC	PC	DNC
AS 1110.A1	Dec. 10, 2008	<p>The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results.</p>	GC	PC	DNC

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AS 1111	Dec. 10, 2008	Direct Interaction with the Board: The chief audit executive must communicate and interact directly with the board.	GC	PC	DNC
AS 1120	Dec. 10, 2008	Individual Objectivity: Internal auditors must have an impartial, unbiased attitude and avoid any conflicts of interest. Interpretation: <i>Conflict of interest is a situation in which an internal auditor, who is in a position of trust, has a competing professional or personal interest. Such competing interest can make it difficult to fulfill his or her duties impartially. A conflict of interest exists even if no unethical or improper act results. A conflict of interest can create an appearance of impropriety that can undermine confidence in the internal auditor, the internal audit activity, and the profession. A conflict of interest could impair an individual's ability to perform his or her duties and responsibilities objectively.</i>	GC	PC	DNC
AS 1130	Dec. 10, 2008	Impairment to Independence or Objectivity: If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment. Interpretation: <i>Impairment to organizational independence and individual objectivity may include, but is not limited to, personal conflict of interest, scope limitations restriction on access to records, personnel and properties, and resource limitations, such as funding.</i> <i>The determination of appropriate parties to which the details of an impairment to independence or objectivity must be disclosed is dependent upon the expectations of the internal audit activity's and the chief audit executive's responsibilities to senior management and the board as described in the internal audit charter, as well as the nature of the impairment.</i>	GC	PC	DNC
AS 1130.A1	Dec. 10, 2008	Internal auditors must refrain from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year.	GC	PC	DNC
AS 1130.A2	Dec. 10, 2008	Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by a party outside the internal audit activity.	GC	PC	DNC
AS 1130.C1	Dec. 10, 2008	Internal auditors may provide consulting services relating to operations for which they had previous responsibilities.	GC	PC	DNC

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AS 1130.C2	Dec. 10, 2008	If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement.	GC	PC	DNC
GAO/GAS Section 3.22 Overarching Independence Principles	Dec. 10, 2008	<p>SIAAB has also adopted the GAO/GAS Section 3.22 Overarching Independence Principles and accordingly, the following two overarching principles apply to auditor independence when assessing the impact of performing nonaudit service for an audited program or entity:</p> <p>(1) Audit organizations must not provide nonaudit services that involve performing management functions or making management decisions; and</p> <p>(2) Audit organizations must not audit their own work or provide nonaudit services in situations in which the nonaudit services are significant or material to the subject matter of the audits.</p>	GC	PC	DNC

Workpaper Reference

Initials /Date

1. Determine whether the CAE confirms with the chief executive officer and the board, if applicable, at least annually the organizational independence of the internal audit activity. **(AS 1110)**
2. Determine whether the internal audit activity is free from interference in determining the scope of internal audit work to be performed and communicating results. **(AS 1110.A1)**
3. Obtain and review the Agency/Office, organization chart to determine whether the CAE reports directly to the chief executive officer and the board, if applicable. **(AS 1110) (AS 1111)**
4. Obtain a copy of the internal audit activity's policies and procedures regarding independence and review the following for adequacy:
 - a. Policies clearly outline that the internal audit activity must have an impartial, unbiased attitude and report any perceived conflicts of interest. **(AS 1120)**
 - b. Determine whether there is a process in place to periodically disclose (annual or engagement) impairment of independence and objectivity to appropriate parties timely. **(AS 1130)**
 - c. Internal auditors are not assigned to perform assurance engagements for a specific operational areas that they had been previously assigned operational duties for at least one year after leaving that area. **(AS 1130.A1) (GAO/GAS Section 3.22 Overarching Independence Principles)**
 - d. Assurance engagements for which the CAE had responsibility were overseen by a party outside of the internal audit activity. **(AS 1130.A2)**

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			Initials /Date
			Workpaper Reference
5. Review the Internal Audit Charter to determine the extent of consulting services provided by internal audit and determine whether potential impairments to independence or objectivity related to consulting services were disclosed to the client prior to accepting the engagement. (AS 1130.C2)			

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AS 1200	Dec. 10, 2008	Proficiency and Due Professional Care Engagements must be performed with proficiency and due professional care.	GC	PC	DNC
AS 1210	Dec. 10, 2008	Proficiency Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities. Interpretation: <i>Knowledge, skills, and other competencies is a collective term that refers to the professional proficiency required of internal auditors to effectively carry out their professional responsibilities. Internal auditors are encouraged to demonstrate their proficiency by obtaining appropriate professional certifications and qualifications, such as the Certified Internal Auditor designation and other designations offered by The Institute of Internal Auditors and other appropriate professional organizations.</i>	GC	PC	DNC
AS 1210.A1	Dec. 10, 2008	The chief audit executive must obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.	GC	PC	DNC
AS 1210.A2	Dec. 10, 2008	Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organization, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.	GC	PC	DNC

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AS 1210.A3	Dec. 10, 2008	Internal auditors must have sufficient knowledge of key information technology risks, controls, and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.	GC	PC	DNC
AS 1210.C1	Dec. 10, 2008	The chief audit executive must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lacks the knowledge, skills, or other competencies needed to perform all or part of the engagement.	GC	PC	DNC
AS 1220	Dec. 10, 2008	Due Professional Care Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.	GC	PC	DNC
AS 1220.A1	Dec. 10, 2008	Internal auditors must exercise due professional care by considering the: * Extent of work needed to achieve the engagement's objectives; * Relative complexity, materiality, or significance of matters to which assurance procedures are applied; * Adequacy and effectiveness of governance, risk management, and control processes; * Probability of significant errors, fraud, or noncompliance; and * Cost of assurance in relation to potential benefits.	GC	PC	DNC
AS 1220.A2	Dec. 10, 2008	In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.	GC	PC	DNC
AS 1220.A3	Dec. 10, 2008	Internal auditors must be alert to the significant risks that might affect objectives, operations, or resources. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.	GC	PC	DNC
AS 1220.C1	Dec. 10, 2008	Internal auditors must exercise due professional care during a consulting engagement by considering the: * Needs and expectations of clients, including the nature, timing, and communication of engagement results; * Relative complexity and extent of work needed to achieve the engagement's objectives; and * Cost of the consulting engagement in relation to potential benefits.	GC	PC	DNC
AS 1230	Dec. 10, 2008	Continuing Professional Development Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.	GC	PC	DNC

Workpaper Reference

Initials /Date

1. Determine whether the internal audit activity has taken the appropriate steps to provide assurance that the technical proficiency and educational background of internal auditors are appropriate for the audits performed.

(AS 1210)

- a. On a test basis, review auditor position descriptions and/or other applicable documents.

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			Initials /Date
		b. Determine whether the current auditors meet the specified criteria of education and experience.	
		2. Determine whether the Agency's operations are such that the internal audit activity requires specialized skills. (AS 1210.A1) (AS 1210.C1)	
		a. If specialized skills are needed, determine whether the current staff possesses these skills.	
		b. Inquire whether any consultants were used during the review period. If so, evaluate whether the qualifications of the consultants and the type of assistance provided were appropriate.	
		3. The internal auditor must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organization, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud. When conducting engagements, do the internal auditors: (AS 1210.A2)	
		a. Consider fraud risks in the assessment of control design and determination of audit steps to perform. while internal auditors are not expected to detect fraud and irregularities, internal auditors are expected to obtain reasonable assurance that business objectives for the process under review are being achieved and material control deficiencies, whether through simple error or intentional effort are detected.	
		b. Have sufficient knowledge of fraud to identify red flags indicating fraud may have been committed. This knowledge includes the characteristics of fraud, the techniques used to commit fraud, and the various fraud schemes and scenarios associated with the activities reviewed.	
		c. Be alert to opportunities that could allow fraud, such as control weaknesses. If significant control weaknesses are detected, additional tests conducted by internal auditors should be directed at identifying other fraud indicators. Some examples of indicators are unauthorized transactions, sudden fluctuations in the volume or value of transactions, control overrides unexplained pricing exceptions, and unusually large product losses. Internal auditors should recognize that the presence of more than one indicator at any one time increases the probability that fraud has occurred.	
		d. Evaluate the indicators of fraud and decide whether any further action is necessary or whether an investigation should be recommended.	
		e. Notified the Inspector General whenever there has been a determination that fraud has occurred.	

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		4. Determine whether internal auditors have sufficient knowledge of key information technology risks and controls available technology-based audit techniques to perform their assigned work. (AS 1210.A3)	
		5. Determine whether internal auditors apply the skill of a reasonably prudent and competent internal auditor by exercising due professional care in considering the: (AS 1220)	
		a. Extent of work needed to achieve the engagement objectives. (AS 1220.A1)	
		b. Relative complexity, materiality, or significance of matters to which assurance and consulting procedures are applied. (AS 1220.A1) (AS 1220.C1)	
		c. Adequacy and effectiveness of governance, risk management, and control processes. (AS 1220.A1)	
		d. Probability of significant errors, fraud or noncompliance. (AS 1220.A1)	
		e. Cost of assurance and consulting services in relation to potential benefits. (AS 1220.A1) (AS 1220.C1)	
		f. Use of technology-based audit and other data analysis techniques. (AS 1220.A2)	
		g. Significant risks that might affect objectives, operations, or resources. (AS 1220.A3)	
		6. Obtain a listing of internal audit personnel and perform the following:	
		a. Obtain an understanding of the system used to ensure that staff obtains adequate continuing professional education.	
		b. Select a representative sample of internal audit personnel and review a list of CPE courses attended by each internal auditor selected.	
		c. Trace the listing of CPE courses provided to supporting course certificates or other acceptable means of documentation.	
		d. Determine whether the internal auditors selected in the test sample have met the minimum CPE requirements required by SIAAB during the most recent two previous non-rolling years. (SIAAB Bylaws Article II Section V) (AS 1230)	

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AS 1300	Dec. 10, 2008	<p>Quality Assurance and Improvement Program: The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.</p> <p>Interpretation: <i>A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.</i></p>	GC	PC	DNC
AS 1310	Dec. 10, 2008	<p>Requirements of the Quality Assurance and Improvement Program: The quality assurance and improvement program must include both internal and external assessments.</p>	GC	PC	DNC
AS 1311	Dec. 10, 2008	<p>Internal Assessments: Internal assessments must include:</p> <ul style="list-style-type: none"> * Ongoing monitoring of the performance of the internal audit activity; and * Periodic reviews performed through self-assessment or by other persons within the organization, with sufficient knowledge of internal audit practices. <p>Interpretation:</p> <p><i>Ongoing monitoring is an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools, and information considered necessary to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards.</i></p> <p><i>Periodic reviews are assessments conducted to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards.</i></p> <p><i>Sufficient knowledge of internal audit practices requires at least an understanding of all elements of the International Professional Practices Framework.</i></p>	GC	PC	DNC
Attribute Standard 1312	Dec. 10, 2008	<p>External Assessments: External assessments must be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization. The chief audit executive must discuss with the board:</p> <ul style="list-style-type: none"> * The need for more frequent external assessments; and * The qualifications and independence of the external reviewer or review team, including any potential conflict of interest. 	GC	PC	DNC

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		<p>Interpretation:</p> <p><i>A qualified reviewer or review team consists of individuals who are competent in the professional practice of internal auditing and the external assessment process. The evaluation of the competency of the reviewer and review team is a judgment that considers the professional internal audit experience and professional credentials of the individuals selected to perform the review. The evaluation of qualifications also considers the size and complexity of the organizations that the reviewers have been associated with in relation to the organization for which the internal audit activity is being assessed, as well as the need for particular sector, industry, or technical knowledge.</i></p> <p><i>An independent reviewer or review team means not having either a real or an apparent conflict of interest and not being a part of, or under the control of, the organization to which the internal audit activity belongs.</i></p>			
PA 1312-2	Dec. 10, 2008	<p>External Assessment: Self-Assessment with Independent Validation</p> <p>An external assessment by a qualified, independent reviewer or review team may be troublesome for smaller internal audit activities or there may be circumstances in other organizations where a full external assessment by an independent team is not deemed appropriate or necessary.</p> <p>A self-assessment with independent (external) validation includes:</p> <ul style="list-style-type: none"> * A comprehensive and fully documented self-assessment process, which emulates the external assessment process, at least with respect to evaluation of conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards; * An independent, on-site validation by a qualified, independent reviewer. * Economical time and resource requirements e.g., the primary focus would be on conformance with the Standards. * Limited attention to other areas such as benchmarking, review and consultation as to employment of leading practices, and interviews with senior and operating management may be reduced. <p>Otherwise, the same guidance and criteria as set forth in Practice Advisory 1312-1 would apply for a self-assessment with independent validation.</p>	GC	PC	DNC

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AS 1320	Dec. 10, 2008	<p>Reporting on the Quality Assurance and Improvement Program: The chief audit executive must communicate the results of quality assurance and improvement program to senior management and the board.</p> <p>Interpretation: <i>The form, content, and frequency of communicating the results of the quality assurance and improvement program is established through discussions with senior management and the board and considers the responsibilities of the internal audit activity and chief audit executive as contained in the internal audit charter. To demonstrate conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards, the results of external and periodic internal assessments and communicated upon completion of such assessments and the results of ongoing monitoring are communicated at least annually. The results include the reviewer's or review team's assessment with respect to the degree of conformance.</i></p>	GC	PC	DNC
AS 1321 SIAAB Bylaws - Article III, Section 4.2	Dec. 10, 2008	<p>Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing": The chief audit executive may state that the internal audit activity conforms with the International Standards for the Professional Practice of Internal Auditing only if the results of the quality assurance and improvement program support this statement.</p> <p>SIAAB Interpretation: Whenever internal or external assessments identify nonconformance with the Definition of Internal Auditing, the Code of Ethics, the Standards or noncompliance with FCIAA, audit organizations are required by the SIAAB to include an explanatory paragraph identifying the nonconformance or noncompliance and corrective action to be taken. The explanatory paragraph is required to be included in each report released by the audit organization until a subsequent review has been conducted by an external validator verifying that appropriate corrective action has been taken and approved by the SIAAB.</p>	GC	PC	DNC
AS 1322	Dec. 10, 2008	<p>Disclosure of Nonconformance: When nonconformance with the Definition of Internal Auditing, the Code of Ethics, or the Standards impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the nonconformance and the impact to senior management and the board.</p>	GC	PC	DNC

Workpaper Reference

Initials /Date

1. Determine whether the CAE has developed and maintains a quality assurance and improvement program that covers all aspects of the internal audit activity. **(AS 1300)**
2. Determine whether the quality assurance and improvement program includes both internal and external assessments. **(AS 1310) (AS 1311) (AS 1312)**
3. Determine whether appropriate corrective action has been taken on all findings rendered in the most recent external assessment and external audit. **(AS 1312)**
4. Determine whether the results of external assessments were formally communicated to the senior management and the board, if applicable. **(AS 1320)**

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		Workpaper Reference	Initials /Date

5. Obtain copies of the internal audit reports and verify whether:

- a. The report contains "Conforms with the International Standards for the Professional Practice of Internal Auditing" only when the results of the quality assurance and improvement program supported the use of the statement. **(AS 1321)**

- b. When the quality assurance and improvement program did not support the use of the statement or if an external quality assessment was not conducted prior to January 1, 2007 or within the five year timeframe required by Standards, determine that the internal audit activity modified each audit report issued after such date to include an explanatory paragraph describing the noncompliance and the corrective action to be taken until a subsequent review supported the use of the language in "a" above. **(AS 1312) (SIAAB Bylaws, Article III - Section 4.2)**

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PS 2000	Dec. 10, 2008	<p>Managing the Internal Audit Activity: The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.</p> <p>Interpretation: <i>The internal audit activity is effectively managed when:</i></p> <p><i>*The results of the internal audit activity's work achieve the purpose and responsibility included in the internal audit charter.</i></p> <p><i>*The internal audit activity conforms with the Definition of Internal Auditing and the Standards; and</i></p> <p><i>*The individuals who are part of the internal audit activity demonstrate conformance with the Code of Ethics and the Standards.</i></p>	GC	PC	DNC
PS 2010	Dec. 10, 2008	<p>Planning: The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization's goals.</p> <p>Interpretation: <i>The chief audit executive is responsible for developing a risk-based plan. The chief audit executive takes into account the organization's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organization. If a framework does not exist, the chief audit executive uses his/her own judgment of risks after consultation with senior management and the board.</i></p>	GC	PC	DNC

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PS 2010.A1	Dec. 10, 2008	The internal audit activity's plan of engagements should be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board should be considered in this process.	GC	PC	DNC
PS 2010.C1	Dec. 10, 2008	The chief audit executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value, and improve the organization's operations. Accepted engagements must be included in the plan.	GC	PC	DNC
PS 2020	Dec. 10, 2008	Communication and Approval: The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and to the board for review and approval. The chief audit executive should also communicate the impact of resource limitations.	GC	PC	DNC
PS 2030	Dec. 10, 2008	Resource Management: The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan. Interpretation: <i>Appropriate refers to the mix of knowledge, skills, and other competencies needed to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimizes the achievement of the approved plan.</i>	GC	PC	DNC
PS 2040	Dec. 10, 2008	Policies and Procedures: The chief audit executive must establish policies and procedures to guide the internal audit activity. Interpretation: <i>The form and content of policies and procedures are dependent upon the size and structure of the internal audit activity and the complexity of its work.</i>	GC	PC	DNC
PS 2050	Dec. 10, 2008	Coordination: The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.	GC	PC	DNC
PS 2060	Dec. 10, 2008	Reporting to Senior Management and the Board: The chief audit executive must report periodically to the senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board. Interpretation: <i>The frequency and content of reporting are determined in discussion with senior management and the board and depend on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management and the board.</i>	GC	PC	DNC

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		1. Obtain a copy of the internal audit activity's two-year plan and verify:	
		a. Whether the planned coverage appears adequate. (PS 2010)	_____
		b. The internal audit activity's plan of engagement was based upon a documented risk assessment undertaken at least annually. (AS 2010.A1)	_____
		c. The input of senior management and the board was considered in the plans development. (AS 2010.A1)	_____
		d. Whether accepted consulting engagements were included in the plan and appeared to have a potential to improve management of risks, add value, and improve the organization's operations. (AS 2010.C1)	_____
		e. Whether the internal audit activity's plans, resource requirements and limitations, including significant changes, were communicated to senior management and the board, if applicable. (PS 2020)	_____
		f. Whether the internal audit activity's resources were sufficient to achieve the approved plan. (PS 2030)	_____
		2. Depending on the size and complexity of the internal audit activity, determine whether written polices exist for: (PS 2040)	
		a. Conducting an audit.	_____
		b. Preparing audit workpapers.	_____
		c. Developing findings.	_____
		d. Preparing audit reports and communicating audit results.	_____
		3. Determine whether the CAE shares information and coordinates activities with other internal and external providers to ensure proper coverage and minimize duplication of efforts. (PS 2050)	_____
		4. Determine whether the chief audit executive reported periodically to the senior management and the board, if applicable, on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan including significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board, if applicable. (PS 2060)	_____

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Conclusion		
PS 2100	Dec. 10, 2008	Nature of Work: The internal audit activity must evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic and disciplined approach.	GC	PC	DNC
PS 2110	Dec. 10, 2008	Governance: The internal audit activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives: * Promoting appropriate ethics and values within the organization; * Ensuring effective organizational performance management and accountability; * Communicating risk and control information to appropriate areas of the organization; and * Coordinating the activities of and communicating information among the board, external and internal auditors, and management.	GC	PC	DNC
PS 2110.A1	Dec. 10, 2008	The internal audit activity must evaluate the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities.	GC	PC	DNC
PS 2110.A2	Dec. 10, 2008	The internal audit activity must assess whether the information technology governance of the organization sustains and supports the organization's strategies and objectives.	GC	PC	DNC
PS 2110.C1	Dec. 10, 2008	Consulting engagement objectives must be consistent with the overall values and goals of the organization.	GC	PC	DNC
PS 2120	Dec. 10, 2008	Risk Management: The internal audit activity must evaluate the effectiveness and contribute to the improvement of the risk management processes. Interpretation: <i>Determining whether risk management processes are effective is a judgment resulting from the internal auditor's assessment that:</i> * Organizational objectives support and align with the organization's mission; * Significant risks are identified and assessed; * Appropriate risk responses are selected that align risks with the organization's risk appetite; and * Relevant risk information is captured and communicated in a timely manner across the organization, enabling staff, management, and the board to carry out their responsibilities. Risk management processes are monitored through ongoing management activities, separate evaluations, or both.	GC	PC	DNC
PS 2120.A1	Dec. 10, 2008	The internal audit activity must evaluate risk exposures relating to the organization's governance, operations, and information systems regarding the: * Reliability and integrity of financial and operational information; * Effectiveness and efficiency of operations; * Safeguarding of assets; and * Compliance with laws, regulations, and contracts.	GC	PC	DNC
PS 2120.A2	Dec. 10, 2008	The internal audit activity must evaluate the potential for the occurrence of fraud and how the organization manages fraud risk.	GC	PC	DNC

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Conclusion		
PS 2120.C1	Dec. 10, 2008	During consulting engagements, internal auditors must address risk consistent with the engagement's objectives and be alert to the existence of other significant risks.	GC	PC	DNC
PS 2120.C2	Dec. 10, 2008	Internal auditors must incorporate knowledge of risks gained from consulting engagements into their evaluation of the organization's risk management processes.	GC	PC	DNC
PS 2120.C3	Dec. 10, 2008	When assisting management in establishing or improving risk management processes, internal auditors must refrain from assuming any management responsibility by actually managing risk.	GC	PC	DNC
PS 2130	Dec. 10, 2008	Control: The internal audit activity must assist the organization in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.	GC	PC	DNC
PS 2130.A1	Dec. 10, 2008	The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organization's governance, operations, and information systems regarding the: * Reliability and integrity of financial and operational information; * Effectiveness and efficiency of operations; * Safeguarding of assets; and * Compliance with laws, regulations, and contracts.	GC	PC	DNC
PS 2130.A2	Dec. 10, 2008	Internal auditors should ascertain the extent to which operating and program goals and objectives have been established and conform to those of the organization.	GC	PC	DNC
PS 2130.A3	Dec. 10, 2008	Internal auditors should review operations and programs to ascertain the extent to which results are consistent with established goals and objectives to determine whether operations and programs are being implemented or performed as intended.	GC	PC	DNC
PS 2130.C1	Dec. 10, 2008	During consulting engagements, internal auditors must address controls consistent with the engagement's objectives and be alert to significant control issues.	GC	PC	DNC
PS 2130.C2	Dec. 10, 2008	Internal auditors must incorporate knowledge of controls gained from consulting engagements into evaluation of the organization's control processes.	GC	PC	DNC

Workpaper Reference

Initials /Date

1. Review the audits performed and determine whether the results of the work performed contributed to the improvement of governance, risk management, and control processes. **(PS 2100)**

2. Determine whether the internal audit activity has assessed and made recommendations, as needed, pertaining to the following: **(PS 2110)**
 - a. Promoting appropriate ethics and values within the organization;
 - b. Ensuring effective organizational performance management and accountability;
 - c. Communicating risk and control information to appropriate areas of the organization; and
 - d. Coordinating the activities of and communicating information among the board, external and internal auditors, and management.

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Conclusion
			Initials /Date
		3. Determine whether the internal audit activity evaluates the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities. (PS 2110.A1)	
		4. Determine whether the internal audit activity assess the information technology governance of the organization sustains and supports the organization's strategies and goals. (PS 2110.A2)	
		5. If significant consulting engagements were accepted, were the objectives consistent with the overall goals and value of the organization. (PS 2110.C1)	
		6. Review a copy of the risk assessment performed for the audit period and determine whether the internal audit activity has evaluated the risk exposure and the adequacy and effectiveness of controls relating to the organization's governance, operation, and information systems for: (PS 2120.A1)	
		a. Reliability and integrity of financial and operational information.	
		b. Effectiveness and efficiency of operations.	
		c. Safeguarding of assets.	
		d. Compliance with laws, regulations, and contracts.	
		7. Inquire on the processes in place for the internal audit activity to evaluate the potential for the occurrence of fraud and how the organization manages fraud risks. (PS 2120.A2)	
		8. When performing consulting engagements, determine whether internal auditors:	
		a. Address risks and controls consistent with the engagement objectives. (PS 2120.C1)	
		b. Appear alert for the existence of significant risk and control weaknesses. (PS 2110.C1)	
		c. Incorporate knowledge of risk and controls obtained during the consulting engagement when evaluating the overall significant risk exposure of the organization. (PS 2120.C2)	
		d. Refrain from assuming any management responsibilities by actually managing risks. (PS 2120.C3)	
		9. Determine whether internal assurance and consulting engagements appear to evaluate control effectiveness, efficiency, and promote continuous improvement. (PS 2130)	

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Conclusion		
PS 2200	Dec. 10, 2008	Engagement Planning: Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.	GC	PC	DNC
PS 2201	Dec. 10, 2008	Planning Considerations: In planning the engagement, internal auditors must consider: * The objectives of the activity being reviewed and the means by which the activity controls its performance; * The significant risks to the activity, its objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level; * The adequacy and effectiveness of the activity's risk management and control processes compared to a relevant control framework or model; and * The opportunities for making significant improvements to the activity's risk management and control processes.	GC	PC	DNC
PS 2201.A1	Dec. 10, 2008	When planning an engagement for parties outside the organization, internal auditors must establish a written understanding with them about objectives, scope, respective responsibilities and other expectations, including restrictions on distribution of the results of the engagement and access to engagement records.	GC	PC	DNC
PS 2201.C1	Dec. 10, 2008	Internal auditors must establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities, and other client expectations. For significant engagements, this understanding must be documented.	GC	PC	DNC
PS 2210	Dec. 10, 2008	Engagement Objectives: Objectives must be established for each engagement.	GC	PC	DNC
PS 2210.A1	Dec. 10, 2008	Internal auditors must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives must reflect the results of the assessment.	GC	PC	DNC
PS 2210.A2	Dec. 10, 2008	The internal auditor must consider the probability of significant errors, fraud, noncompliance, and other exposures when developing the engagement objectives.	GC	PC	DNC
PS 2210.A3	Dec. 10, 2008	Adequate criteria are needed to evaluate controls. Internal auditors must ascertain the extent to which management has established adequate criteria to determine whether objectives and goals have been accomplished. If adequate, internal auditors must use such criteria in their evaluation. If inadequate, internal auditors must work with management to develop appropriate evaluation criteria.	GC	PC	DNC
PS 2210.C1	Dec. 10, 2008	Consulting engagement objectives must address governance, risks management, and controls processes to the extent agreed upon with the client.	GC	PC	DNC
PS 2220	Dec. 10, 2008	Engagement Scope: The established scope must be sufficient to satisfy the objectives of the engagement.	GC	PC	DNC
PS 2220.A1	Dec. 10, 2008	The scope of the engagement must include consideration of relevant systems, records, personnel, and physical properties, including those under the control of third parties.	GC	PC	DNC

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Conclusion		
PS 2220.A2	Dec. 10, 2008	If significant consulting opportunities arise during an assurance engagement, a specific written understanding as to the objectives, scope, respective responsibilities and other expectations should be reached and the results of the consulting engagement communicated in accordance with consulting standards.	GC	PC	DNC
PS 2220.C1	Dec. 10, 2008	In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement.	GC	PC	DNC
PS 2230	Dec. 10, 2008	Engagement Resource Allocation: Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.	GC	PC	DNC
PS 2240	Dec. 10, 2008	Engagement Work Program: Internal auditors must develop and document work programs that achieve the engagement objectives.	GC	PC	DNC
PS 2240.A1	Dec. 10, 2008	Work programs must include the procedures for identifying, analyzing, evaluating, and documenting information during the engagement. The work program must be approved prior to its implementation, and any adjustments approved promptly.	GC	PC	DNC
PS 2240.C1	Dec. 10, 2008	Work programs for consulting engagements may vary in form and content depending upon the nature of the engagement.	GC	PC	DNC

Workpaper Reference

Initials /Date

1. Determine whether the following were considered during the planning stage of each assurance engagement:

(PS 2200) (PS 2201)

- a. The objectives of the activity under review and the means by which the activity controls its performance.
- b. The significant risks to the activity, its 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 activity's risk management and control processes compared to a relevant control framework or model.
- d. The opportunities for making significant improvements to the activity's risk management and control processes.

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Conclusion
			Initials /Date

		2. If the internal audit activity performed engagements for external parties outside the organization, determine whether a written understanding was obtained about the objectives, scope, respective responsibilities and other expectations including restrictions on the distribution of the results of the engagement and access to engagement records. (PS 2201.A1)	_____
		3. Determine whether the internal audit activity established an understanding with consulting engagement clients about the objectives, scope, respective responsibilities and other expectations. If the engagement was significant, the understanding was documented. (PS 2201.C1)	_____
		4. Determine whether the engagement objectives were established for each assurance engagement, including whether the internal auditors: (PS 2210)	_____
		a. Conducted a preliminary assessment of the risks relevant to the activity under review and engagement objectives reflected the results of the assessment. (PS 2210.A1)	_____
		b. Considered the probability of significant errors, fraud, noncompliance, and other exposures when when developing the engagement objectives. (PS 2210.A2)	_____
		c. Use adequate criteria as a basis for evaluating controls. (PS 2210.A3)	_____
		d. Consulting engagement objectives address governance, risks management, and control processes to the extent agreed upon with the client. (PS 2210.C1)	_____
		5. Determine whether the scope of the engagements were sufficient to satisfy the objectives, taking into consideration the relevant systems, records, personnel, and physical properties, including those under third party control. (PS 2220) (PS 2220.A1)	_____
		6. If significant consulting opportunities occurred during an assurance engagement, a written understanding as to the objectives, scope, respective responsibilities, and other expectations was obtained, and the results of consulting engagements were communicated in accordance with consulting standards. (PS 2220.A2)	_____
		7. For consulting engagements, did the scope of the engagement sufficiently address the agreed-upon objectives. If internal auditors developed reservations about the scope during the engagement, were the reservations discussed with the client to determine whether to continue with the engagement. (PS 2220.C1)	_____
		8. Determine whether appropriate and sufficient resources have been allocated to achieve the engagement objectives based upon the nature and complexity of the engagement, time constraints, and available resources. (PS 2230)	_____

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Workpaper Reference	Conclusion Initials /Date
		9. Determine whether a plan (program) has been developed and written for each engagement and that: (PS 2240) (PS 2240.A1)		
		a. The work program included procedures for identifying, analyzing, evaluating, and documenting information during the engagement.	_____	_____
		b. The work program was approved by the CAE prior to the commencement of work.	_____	_____
		c. Adjustments to the work program were approved promptly.	_____	_____

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Conclusion		
PS 2300	Dec. 10, 2008	Performing the Engagement: Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.	GC	PC	DNC
PS 2310	Dec. 10, 2008	Identifying Information: Internal auditors must identify sufficient, reliable, relevant, and useful information to achieve the engagement's objectives. Interpretation: <i>Sufficient information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the auditor. Reliable information is the best attainable information through the use of appropriate engagement techniques. Relevant information supports engagement observations and recommendations and is consistent with the objectives for the engagement. Useful information helps the organization meet its goals.</i>	GC	PC	DNC
PS 2320	Dec. 10, 2008	Analysis and Evaluation: Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.	GC	PC	DNC
PS 2330	Dec. 10, 2008	Documenting Information: Internal auditors must document relevant information to support the conclusions and engagement results.	GC	PC	DNC
PS 2330.A1	Dec. 10, 2008	The chief audit executive must control access to engagement records. The chief audit executive must obtain the approval of senior management and/or legal counsel prior to releasing such records to external parties, as appropriate.	GC	PC	DNC
PS 2330.A2	Dec. 10, 2008	The chief audit executive must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organization's guidelines and any pertinent regulatory or other requirements.	GC	PC	DNC

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Conclusion		
PS 2330.C1	Dec. 10, 2008	The chief audit executive must develop policies governing the custody and retention of consulting engagement records, as well as their release to internal and external parties. These policies must be consistent with the organization’s guidelines and any pertinent regulatory or other requirements.	GC	PC	DNC
PS 2340	Dec. 10, 2008	<p>Engagement Supervision: Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.</p> <p>Interpretation: <i>The extent of supervision required will depend on the proficiency and experience of internal auditors and the complexity of the engagement. The chief audit executive has overall responsibility for supervising the engagement, whether performed by or for the internal audit activity, but may designate appropriately experienced members of the internal audit activity to perform the review. Appropriate evidence of supervision is documented and retained.</i></p>	GC	PC	DNC

Workpaper Reference

Initials /Date

1. Review a sample of engagement workpapers and determine whether:

- a. Documentation is referenced to the audit program and appears to be sufficient, reliable, relevant and useful to achieve the audit objectives. **(PS 2310)**
- b. Appropriate analysis and evaluations were used and documented to support the engagement results and conclusions. **(PS 2320)**
- c. Workpapers document relevant information to support the conclusions and engagement results. **(PS 2330)**

2. Observe the manner in which the control of access to engagement records are maintained and conclude on whether the controls appear adequate. **(PS 2330.A1)**

3. Determine whether engagement workpapers have been released to external parties and whether the CAE obtained the approval of senior management and/or legal counsel prior to releasing the records. **(PS 2330.A1)**

Note:

See also **PS 2440.A2**, the release pertains to external parties other than those mandated by legal, statutory, or regulatory requirements.

4. Determine whether polices have been developed governing the custody and retention of assurance and consulting workpapers and are consistent with the Office guidelines and the State Records Act (5 ILCS 160). **(PS 2330.A2) (PS 2330.C1)**

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Workpaper Reference	Conclusion
				Initials /Date
5. Determine whether engagements are properly supervised to ensure objectives are achieved, quality is assured, and staff is developed. (PS 2340)				

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Conclusion		
PS 2400	Dec. 10, 2008	Communicating Results: Internal auditors must communicate the engagement results.	GC	PC	DNC
PS 2410	Dec. 10, 2008	Criteria for Communicating: Communications must include the engagement's objectives and scope as well as applicable conclusions, recommendations, and action plans.	GC	PC	DNC
PS 2410.A1	Dec. 10, 2008	Final communication of engagement results must, where appropriate, contain the internal auditor's overall opinion and/or conclusions.	GC	PC	DNC
PS 2410.A2	Dec. 10, 2008	Internal auditors are encouraged to acknowledge satisfactory performance in engagement communications.	GC	PC	DNC
PS 2410.A3	Dec. 10, 2008	When releasing engagement results to parties outside the organization, the communication must include limitations on distribution and use of the results.	GC	PC	DNC
PS 2410.C1	Dec. 10, 2008	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 client.	GC	PC	DNC
PS 2420	Dec. 10, 2008	Quality of Communications: Communications must be accurate, objective, clear, concise, constructive, complete, and timely. Interpretation: <i>Accurate communications are free from errors and distortions and are faithful to the underlying facts. Objective communications are fair, impartial, unbiased and are the result of a fair-minded and balanced assessment of all relevant facts and circumstances. Clear communications are easily understood and logical, avoiding unnecessary technical language and providing all significant and relevant information. Concise communications are to the point and avoid unnecessary elaboration, superfluous detail, redundancy, and wordiness. Constructive communication are helpful to the engagement client and the organization and lead to improvements where needed. Complete communication lack nothing that is essential to the target audience and include all significant and relevant information and observations to support recommendations and conclusions. Timely communications are opportune and expedient, depending on the significance of the issue, allowing management to take appropriate corrective action.</i>	GC	PC	DNC

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Conclusion		
PS 2421	Dec. 10, 2008	Errors and Omissions: If a final communication contains a significant error or omission, the chief audit executive must communicate corrected information to all parties who received the original communication.	GC	PC	DNC
PS 2430	Dec. 10, 2008	Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing": Internal auditors may report that their engagements are "conducted in conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> ", only if the results of the quality assurance and improvement program support the statement.	GC	PC	DNC
PS 2431 SIAAB Bylaws - Article III, Section 4.2	Dec. 10, 2008	Engagement Disclosure of Nonconformance: When nonconformance with the Definition of Internal Auditing, the Code of Ethics or <i>Standards</i> impacts a specific engagement, communication of the results must disclose the: * Principle or rule of conduct of the Code of Ethics or <i>Standard(s)</i> with which full conformance was not achieved; * Reason(s) for nonconformance; and * Impact of nonconformance on the engagement and the communicated engagement results. SIAAB Interpretation: Whenever internal or external assessments identify nonconformance with the Definition of Internal Auditing, the Code of Ethics, the <i>Standards</i> or noncompliance with FCIAA, audit organizations are required by the SIAAB to include an explanatory paragraph identifying the nonconformance or noncompliance and corrective action to be taken. The explanatory paragraph is required to be included in each report released by the audit organization until a subsequent review has been conducted by an external validator verifying that appropriate corrective action has been taken and approved by the SIAAB.	GC	PC	DNC
PS 2440	Dec. 10, 2008	Disseminating Results: The chief audit executive must communicate results to the appropriate parties. Interpretation: <i>The chief audit executive or designee reviews and approves the final engagement communication before issuance and decides to whom and how it will be disseminated.</i>	GC	PC	DNC
PS 2440.A1	Dec. 10, 2008	The chief audit executive is responsible for communicating the final results to parties who can ensure that the results are given due consideration.	GC	PC	DNC
PS 2440.A2	Dec. 10, 2008	If not otherwise mandated by legal, statutory or regulatory requirements, prior to releasing results to parties outside the organization, the chief audit executive must: * Assess the potential risk to the organization; * Consult with senior management and/or legal counsel as appropriate; and * Control dissemination by restricting the use of the results.	GC	PC	DNC
PS 2440.C1	Dec. 10, 2008	The chief audit executive is responsible for communicating the final results of consulting engagements to clients.	GC	PC	DNC
PS 2440.C2	Dec. 10, 2008	During consulting engagements, governance, risk management, control issues may be identified. Whenever these issues are significant to the organization, they must be communicated to senior management and the board.	GC	PC	DNC

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Conclusion
			Initials /Date
		1. On a sample basis, obtain copies of engagement reports and determine whether:	
		a. The report includes the engagement's objectives and scope, as well as applicable conclusions, recommendations and action plans. (PS 2410)	
		b. The final communication of engagement results contained, where appropriate, the internal auditor's overall opinion and/or conclusions. (PS 2410.A1)	
		c. The communication acknowledges satisfactory performance, where appropriate. (PS 2410.A2)	
		d. Communications to parties outside the organization contain limitations on distribution and use of results. (PS 2410.A3)	
		e. The communication appears to be accurate, objective, clear, concise, constructive, complete, and timely. (PS 2420)	
		f. If a final communication contains a significant error or omission, the CAE communicated corrected information to all parties who received the original communication. (PS 2421)	
		2. Determine whether engagement reports included " <i>Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing</i> " only when the results of the quality assurance and improvement program support the statement. (PS 2430)	
		3. When noncompliance with the <i>Standards</i> impacts a specific engagement, communication of the results disclosed the following: (PS 2431)	
		a. The principle or rule of conduct of the Code of Ethics, <i>Standards</i> or FCIAA with which full conformance was not achieved.	
		b. The reasons for nonconformance.	
		c. The impact of nonconformance on the engagement and the communicated engagement results.	
		4. Determine whether the CAE communicated the results of the engagement to the appropriate parties. (PS 2440) (PS 2440.A1) (PS 2440.C1) (PS 2440.C2)	
		5. If not otherwise mandated by legal or other requirements, prior to releasing results to outside parties, determine whether the CAE: (PS 2440.A2)	

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Conclusion
			Initials /Date
		Workpaper Reference	

- a. Assessed the potential risk to the organization .
- b. Consulted with senior management and/or legal counsel, as appropriate.
- c. Controlled dissemination by restricting use of the results.

Comments: (If any requirements are assessed as PC or DNC, please attach a brief explanation.)

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Conclusion		
PS 2500	Dec. 10, 2008	Monitoring Progress: The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.	GC	PC	DNC
PS 2500.A1	Dec. 10, 2008	The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.	GC	PC	DNC
PS 2500.C1	Dec. 10, 2008	The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.	GC	PC	DNC
		Workpaper Reference			

- 1. Review a sample of engagement workpapers and determine whether:
(PS 2500.A1)
 - a. Management responded to the results of the audit engagement.
 - b. The CAE has established a follow-up system to monitor and ensure that management actions have been efficiently implemented.
 - c. Internal audit monitors the disposition of results of consulting engagements to the extent agreed upon with the client.

Comments: (If any requirements are assessed as PC or DNC, please attach a brief explanation.)

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Authoritative Reference	SIAAB Effective Date	IIA PERFORMANCE STANDARDS	Conclusion		
PS 2600	Dec. 10, 2008	Resolution of Senior Management's Acceptance of Risks: When the chief audit executive believes that senior management has accepted a level of residual risk that may be unacceptable to the organization, the chief audit executive must discuss the matter with senior management. If the decision regarding residual risk is not resolved, the chief audit executive must report the matter to the board for resolution.	GC	PC	DNC

Workpaper Reference

Initials /Date

1. Determine whether the CAE has discussed levels of residual risk that are unacceptable with senior management and if not resolved, with the board, if applicable for resolution. **(PS 2600)**

Comments: (If any requirements are assessed as PC or DNC, please attach a brief explanation.)

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Authoritative Reference	SIAAB Effective Date	IIA Code of Ethics	Conclusion		
<p>Mandatory Guidance: The IIA's Code of Ethics has been adopted by the SIAAB and is applicable to both State of Illinois internal audit organizations and internal auditors performing internal audits.</p> <p>The IIA's Code of Ethics includes the following essential guidance:</p> <ol style="list-style-type: none"> 1. Principles that are relevant to the profession and practice of internal auditing; 2. Rules of Conduct that describe behavior norms expected of internal auditors. These rules are an aid to interpreting the principles into practical application and are intended to guide the ethical conduct of internal auditors. 			GC	PC	DNC
<p>Principles Internal auditors are expected to apply and uphold the following principles:</p> <ol style="list-style-type: none"> 1. Integrity The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment. 2. Objectivity Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments. 3. Confidentiality Internal auditors respect the value and ownership of information they receive and do not disclose information without the appropriate authority unless there is a legal or professional obligation to do so. 			GC	PC	DNC
<ol style="list-style-type: none"> 4. Competency Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services. 			GC	PC	DNC

GC = Generally Conforms; PC = Partially Conforms; DNC = Does Not Conform

Authoritative Reference	SIAAB Effective Date	IIA Code of Ethics	Conclusion		
Rules of Conduct			GC	PC	DNC
1.	Integrity	Internal auditors: 1.1 Shall perform their work with honesty, diligence, and responsibility. 1.2 Shall observe the law and make disclosures expected by the law and the profession. 1.3 Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization. 1.4 Shall respect and contribute to the legitimate and ethical objectives of the organization.			
2.	Objectivity	Internal auditors: 2.1 Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interest of the organization. 2.2 Shall not accept anything that may impair or be presumed to impair their professional judgment. 2.3 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.			
3.	Confidentiality	Internal auditors: 3.1 Shall be prudent in the use and protection of information acquired in the course of their duties. 3.2 Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.			
4.	Competency	Internal auditors: 4.1 Shall engage only in those services for which they have the necessary knowledge, skills, and experience. 4.2 Shall perform internal auditing services in accordance with the <i>International Standards for the Professional Practice of Internal Auditing</i> . 4.3 Shall continually improve their proficiency and the effectiveness and quality of their services.			

Workpaper Reference

Initials /Date

1. Through inquiry or other appropriate means, determine whether current internal audit personnel are familiar with and are following the IIA's Code of Ethics.

Comments: (If any requirements are assessed as PC or DNC, please attach a brief explanation.)

GC = Generally Conforms; PC = Partially Conforms; DNC = Does Not Conform

Authoritative Reference	SIAAB Effective Date	FCIAA - Article 2. Internal Auditing	Conclusion		
Program of Internal Auditing Sec. 2001(a)	Jan. 1, 1990	Each designated State Agency shall establish a full-time program of internal auditing. The Governor shall designate State agencies under this Act not later than April 1 of each odd numbered year. The designations shall be filed with the Index Division of the Office of the Secretary of State as a public record. The Legislative Audit Commission may make formal recommendations to the Governor that the Governor designate other State agencies under this Act.	GC	PC	DNC
Program of Internal Auditing Sec. 2001(b)	Jan. 1, 1990	The chief executive officer of a State agency is not relieved from the responsibility for maintaining an effective internal control system merely because that State agency is not designated and required to have a full-time program of internal auditing under this Act. Agencies which do not have full-time internal audit programs may have internal audits performed by the Department of Central Management Services.	GC	PC	DNC

Workpaper Reference

Initials /Date

1. Obtain a copy of the Audit Schedule to determine if a full time audit program exists. **[Sec. 2001(a)]**

Comments: (If any requirements are assessed as Does Not Comply, please attach a brief explanation.)

Authoritative Reference	SIAAB Effective Date	FCIAA - Article 2. Internal Auditing	Conclusion		
Qualifications of Chief Internal Auditor Sec. 2002(a)	Jan. 1, 1990	The chief executive officer of each designated State agency shall appoint a chief internal auditor with a bachelor's degree, who is either: 1) a certified internal auditor by examination or a certified public accountant and who has at least 4 years of progressively responsible professional auditing experience; or 2) an auditor with at least 5 years of progressively responsible professional auditing experience.	GC	PC	DNC
Qualifications of Chief Internal Auditor Sec. 2002(b)	Jan. 1, 1990	The chief internal auditor shall report directly to the chief executive officer and shall have direct communications with the chief executive officer and the governing board, if applicable, in the exercise of auditing activities. All chief internal auditors and all full-time members of an internal audit staff shall be free of all operational duties.	GC	PC	DNC

Workpaper Reference

Initials /Date

1. Review the CAE's personnel files to determine whether he/she possesses the following:

GC = Generally Conforms; PC = Partially Conforms; DNC = Does Not Conform

Authoritative Reference	SIAAB Effective Date	FCIAA - Article 2. Internal Auditing	Workpaper Reference	Conclusion
				Initials /Date
		a. A bachelor's degree. [Sec. 2002(a)]	_____	_____
		b. The required professional auditing experience: a CIA by examination, or a CPA and at least four years of progressively responsible professional auditing experience, or and auditor with at least five years of progressively, responsible professional auditing experience. [Sec. 2002(a)]	_____	_____
		2. Obtain a copy of the Agency's organization chart and verify that the CAE reports directly to the chief executive officer, and governing board, if applicable, in the exercise of auditing activities. [Sec. 2002(b)]	_____	_____
		3. Determine whether the CAE and all full-time internal auditors are free from operational duties. [Sec. 2002(b)]	_____	_____

Comments: (If any requirements are assessed as Does Not Comply, please attach a brief explanation.)

GC = Generally Conforms; PC = Partially Conforms; DNC = Does Not Conform

Authoritative Reference	SIAAB Effective Date	FCIAA - Article 2. Internal Auditing	Conclusion		
Internal Auditing Program Requirements Sec. 2003(a)	Jan. 1, 1990	The chief Executive officer of each designated State agency shall ensure that the internal auditing program includes: (1) A two-year plan, identifying audits scheduled for the pending fiscal year, approved by the chief executive officer before the beginning of the fiscal year. By September 30 of each year, the chief internal auditor shall submit to the chief executive officer a written report detailing how the audit plan for that year was carried out, the significant findings, and the extent to which recommended changes were implemented. (2) Audits of major systems of internal accounting and administrative control conducted on a periodic basis so that all major systems are reviewed at least once every 2 years. The audits must include testing of: (A) the obligation, expenditure, receipt, and use of public funds of the State and of funds held in trust to determine whether those activities are in accordance with applicable laws and regulations; and (B) grants received or made by the designated State agency to determine that the grants are monitored, administered, and accounted for in accordance with applicable laws and regulations. (3) Reviews of the design of major new electronic data processing systems and major modifications of those systems before their installation to ensure the systems provide for adequate audit trails and accountability.	GC	PC	DNC
			GC	PC	DNC
			GC	PC	DNC
			GC	PC	DNC
			GC	PC	DNC
			GC	PC	DNC
			GC	PC	DNC

GC = Generally Conforms; PC = Partially Conforms; DNC = Does Not Conform

Authoritative Reference	SIAAB Effective Date	FCIAA - Article 2. Internal Auditing	Conclusion		
		(4) Special audits of operations, procedures, programs, electronic data processing systems, and activities as directed by the chief executive officer or by the governing board, if applicable.	GC	PC	DNC
Sec. 2003(b) Internal Auditing Program Requirements	Jan. 1, 1990	Each chief internal auditor shall have, in addition to all other powers or duties authorized by law, required by professional ethics or standards, or assigned consistent with this Act, the powers necessary to carry out the duties required by this Act.	GC	PC	DNC

<u>Workpaper Reference</u>	<u>Initials /Date</u>
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1. Obtain a copy of the two-year audit plan and determine whether the plan was properly approved by the chief executive officer prior to July 1st of the period under review. **[Sec. 2003(a)(1)]**

2. Obtain a copy of the internal audit activity's annual activity report and determine whether it was submitted by September 30th to the chief executive officer and included details on how the audit plan for the prior fiscal was carried out, the significant findings, and the extent to which recommended changes were implemented. **[Sec. 2003(a)(1)]**

3. Obtain a copies of audit programs and review the supporting workpapers to determine whether the audit included testing of the major systems of internal accounting and administrative control conducted on a periodic basis so that all major systems are reviewed at least once every two years. Determine whether the audits included the following:
 - a. The obligation, expenditure, receipt and use of public funds of the State and of funds held in trust to determine whether those activities are in accordance with applicable laws and regulations. **[Sec. 2003(a)(2)(A)]**

 - b. Grants received or made by the designated State agency to determine that the grants are monitored, administered, and accounted for in accordance with applicable laws and regulations. **[Sec. 2003(a)(2)(B)]**

 - c. Reviews of the design of major new electronic data processing systems and major modifications to those systems before their installation to ensure the systems provide for adequate audit trails and accountability. **[Sec. 2003(a)(3)]**

 - d. Special audits of operations, procedures, programs, EDP systems, and activities as directed and activities as directed by the chief executive officer or by the governing board, if applicable. **[Sec. 2003(a)(4)]**

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Authoritative Reference	SIAAB Effective Date	FCIAA - Article 2. Internal Auditing	Conclusion
			Initials /Date

4. Determine whether the internal audit activity's resources and organizational status enables it to carry out the duties required by FCIAA. **[Sec. 2003(b)]**

Workpaper Reference	Initials /Date
_____	_____

Comments: (If any requirements are assessed as Does Not Comply, please attach a brief explanation.)

Omission of FCIAA Sections/Articles and justification for omission:

- Section 1002 is a policy statement
- Section 1003 defines terms
- Sections 2001(c) and 3004 only apply to the Supreme Court.
- Section 2004 is optional using the term "may"
- Section 2005 applies to SIAAB duties
- Article 3 applies to chief executive officers and not to the internal audit function.