

State of Illinois Internal Audit Advisory Board

BYLAWS

| Approved: ~~March 10, 2015~~ [December 13, 2016](#)

Article I - Administrative Bylaws

Section IV - Coordinator Assignments

1.4.1 ASSIGNMENT OF COORDINATORS

To fulfill the duties of the Fiscal Control and Internal Auditing Act (30 ILCS 10/2005), the Board shall establish coordinators and assign their duties. Each Coordinator shall be an existing Board member selected by the Chair and approved by a majority of the Board during the March meeting. The Coordinator(s) shall report to the full Board and serve a one year term, but may be reappointed and serve until replaced. The Coordinator(s) shall create and maintain written procedures for their function. In addition to their specific duties described below, each coordinator shall also be responsible for ensuring the Board's website properly reflects any content related to their duties.

The Board shall also establish Special Assistant(s) and Webmaster positions as described below.

Other positions shall be appointed by the Chair whenever they are deemed necessary by the Board. These positions shall be restricted to their assigned task, shall report their recommendations to the Board, and shall be dissolved upon the completion and acceptance of their report by the Board.

1.4.2 QUALITY ASSURANCE COORDINATOR

The Quality Assurance Coordinator is responsible for:

- interpreting all policies and procedures established by the State's Internal Audit Advisory Board related to quality assurance reviews;
- obtaining Board approval of Statement of Independence and Confidentiality Commitment Forms from each Board member at the March meeting or as changes occur;
- recruiting Quality Assurance Special Assistants and obtaining Board approval of their Statement of Independence and Confidentiality Commitment Forms at the March meeting or as needed throughout the year;
- obtaining Board approval for the Request for Quality Assurance Team form and each team members' Statement of Independence and Confidentiality Commitment Forms;
- signing and returning the approved Request for Quality Assurance Team form to the Chief Audit Executive;
- making recommendation to the Board regarding the acceptance / disagreement of the Internal Audit Department's Quality Assurance Report; and,
- preparing, signing and issuing SIAAB Letter of Acceptance / Disagreement with each Internal Audit Department's Quality Assurance Report.

Article II - Standards

Section I – Authority

2.1.1 AUTHORITY

These standards are promulgated under authority of the Fiscal Control and Internal Auditing Act (30 ILCS 10/2005(f)).

Article II - Standards

Section II - Applicability

2.2.1 APPLICABILITY

These standards apply to all state agencies designated in Section 1003 (a) of the Fiscal Control and Internal Auditing Act (30 ILCS 10/1001 et. seq.).

Article II - Standards

Section III - Professional Auditing Standards

2.3.1 PROFESSIONAL AUDITING STANDARDS

All audits performed by the internal audit staffs of State agencies shall be conducted in accordance with Standards adopted by the Board as provided by FCIAA. (10 ILCS 30/2005(f)(1)). These Standards shall be summarized in the Quality Assurance Matrix on the Board's website and shall include the:

- [²²Mandatory Guidance published by the Institute of Internal Auditors:](#)
 - ~~*International Standards for the Professional Practice of Internal Auditing²² published by the Institute of Internal Auditors; (Standards);~~
 - ~~Definition of Internal Auditing published by;~~

- [Code of Ethics \(See also 2.4.1\):](#)
- [Core Principles for the Institute Professional Practice of Internal Auditors; Auditing:](#)
 - some [implementation guidance](#) (practice advisories) [and supplemental guidance](#) ([practice guides](#)) published by the Institute of Internal Auditors and adopted by the Board;
 - some government auditing standards published by the U.S. General Accounting Office and adopted by the Board;
 - internal audit requirements contained in the Board's Bylaws; and,
 - requirements of the Fiscal Control and Internal Auditing Act.

In addition, internal audit staff of State agencies may be required by federal grant provisions to comply with government auditing standards published by the U.S. General Accounting Office. All audit reports issued by internal audit staffs of State agencies shall include a statement that the audit was conducted pursuant to the appropriate standards.

Article II - Standards

Section IV - Code of Ethics

2.4.1 CODE OF ETHICS

All State internal auditors shall adhere to the following standards of conduct which are derived from the *Code of Ethics* published by the Institute of Internal Auditors.

A code of ethics is necessary and appropriate for the professional practice of internal auditing, founded as it is on the trust placed in its objective assurance about governance, risk management, and control processes. The *Code of Ethics* includes two essential components:

1. Principles that are relevant to the profession and practice of internal auditing; and,
2. Rules of Conduct that describe behavior norms expected of internal auditors. These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of internal auditors.

PRINCIPLES

Internal auditors are expected to apply and uphold the following principles:

Integrity

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

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 **International Standards for the Professional Practice of Internal Auditing*.
- 4.3 Shall continually improve their proficiency and the effectiveness and quality of their services.

Article II - Standards

Section V - Continuing Education Requirements

2.5.1 CONTINUING PROFESSIONAL EDUCATION

Internal auditors are responsible for maintaining their knowledge and skills. They should update their knowledge and skills related to improvements and current developments in internal auditing standards, procedures, and techniques. Auditors involved in the planning, directing, performing fieldwork or reporting on an audit or attestation engagement need to maintain their professional competence through continuing professional education (CPE). All internal auditors must complete a minimum of 80 hours of CPE that directly enhance the auditor's professional proficiency to perform audits or attestation engagements whether employed full-time or part-time. At least 24 of the 80 hours of CPE should be in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. At least 20 hours of the 80 should be completed in any one-year of the two-year period.

Both the 80 hours of CPE and 24 hours of CPE directly related to government auditing must be satisfied during two successive (non-rolling) calendar years such as, ~~2009-2010~~2015-2016 or ~~2011-2012~~2017-2018. Internal auditors hired after the beginning of an audit organization's 2-year CPE period should complete a prorated number of CPE hours based on the number of full 6-month interval remaining in the CPE period.

Example for the 80 hours of CPE using the Calendar Year ~~2009-2010~~2015-2016 CPE Period:

1. Auditors hired during January 1, ~~2009~~2015 through June 30, ~~2009~~2015 would need to obtain 60 CPE hours ($3/4 \times 80=60$);
2. Auditors hired during July 1, ~~2009~~2015 through December 31, ~~2009~~2015 would need to obtain 40 CPE hours ($2/4 \times 80=40$);
3. Auditors hired during January 1, ~~2010~~2016 through June 30, ~~2010~~2016 would need to obtain 20 CPE hours ($1/4 \times 80=20$);, and,
4. Auditors hired during July 1, ~~2010~~2016 through December 31, ~~2010~~2016 would be exempt from the ~~2009-2010~~2015-2016 CPE requirements.

Examples for the 24 hours of CPE directly related to government using the Calendar Year ~~2009-2010~~2015-2016 CPE Period:

1. Auditors hired during January 1, ~~2009~~2015 through June 30, ~~2009~~2015 would need to obtain CPE hours ($3/4 \times 24=18$);
2. Auditors hired during July 1, ~~2009~~2015 through December 31, ~~2009~~2015 would need to obtain 12 CPE hours ($2/4 \times 24=12$);
3. Auditors hired during January 1, ~~2010~~2016 through June 30, ~~2010~~2016 would need to obtain 6 CPE hours ($1/4 \times 24=6$); and,
4. Auditors hired during July 1, ~~2010~~2016 through December 31, ~~2010~~2016 would be exempt from the ~~2009-2010~~2015-2016 CPE requirements.

Auditors required to take the total 80 hours of CPE should complete at least 20 hours of CPE in each year of the 2-year period. The 20-hour minimum for each CPE year would not apply when a prorated number of hours are being used to cover a partial 2-year CPE period.

An Agency's Chief Internal Auditor is responsible for establishing and implementing a program to ensure that staff auditors meet the CPE requirements. In cases where a portion of the internal audit services are contracted out, the Chief Internal Auditor must ensure that individuals assigned to such internal audit services have obtained the appropriate continuing professional education.

The Internal Audit Advisory Board, upon written request to the CPE Coordinator, may grant exceptions from a portion of the CPE requirements in the event of extended absences or other extenuating circumstances if situations such as leave of absences, military service, or disasters prevent the internal auditor from meeting the requirements. However, no exceptions will be granted for reasons such as workload, budget, or travel constraints.

The Board may grant auditors, who have not completed the required number of CPE hours for any 2-year period, up to two months immediately following the 2-year period to make up the deficiency. Any CPE hours completed toward a deficiency in one period should be documented in the CPE records and should not be counted toward the requirements for the next 2-year period.

Article III – Quality Assurance Review Program

Section IV - Quality Assurance Reviews

3.4.1 CONDUCT OF REVIEWS

Both internal and external quality assurance reviews will be conducted pursuant to the evaluation standards and guidelines adopted by the SIAAB using the Board's Quality Assurance Matrix. Chief Internal Auditors must have a process in place for periodic internal and external quality assessments. The Board has established that internal assessments must be completed whenever there is a significant change in personnel or auditing standards, as determined by the Chief Internal Auditor.

3.4.2 ESTABLISHMENT OF STANDARDS

On ~~November 14, 2012~~[December 13, 2016](#), the SIAAB adopted the changes to the IIA's *International Standards for the Professional Practice of Internal Auditing (*Standards*) effective January 1, ~~2013~~[2017](#), as the auditing standards for Internal Audit Organizations in Illinois state government. Beginning January 1, 2002, State of Illinois Internal Audit Organizations are required by the Board to conduct an external quality assurance assessment or a self-assessment with independent external validation, at least once every five years by an independent reviewer or review team from outside the organization (IIA *Attribute Standard 1312*). The Chief Internal Auditor of each Internal Audit Organization is responsible for ensuring that the mandated external assessments are completed within the required timeframe. If an Internal Audit organization's quality assurance review will not be completed by the date it is required the Chief Internal Auditor must notify the Board of a later date when the review will be completed. The Quality Assurance Coordinator shall issue a letter to the Chief Executive Officer to whom the Chief Internal Auditor reports informing them that the Board has been notified that completion of the review will be delayed, the delayed completion date will result in the audit organization being out of compliance with Board requirements regarding quality assurance reviews and the new date when the review is expected to be completed.

Internal auditors may report that their activities are "conducted in accordance with the [*International Standards for the Professional Practice of Internal Auditing](#)," without an explanatory statement, only if internal and external assessments of the quality improvement program demonstrate that the internal audit activity is in compliance with the Board's *Standards*. The IIA defines compliance as the conformity and adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements. Whenever internal or external assessments identify ~~noncompliance~~[nonconformance](#) with [the Standards and/or Code of Ethics](#) adopted by the Board's Bylaws in Article II, Sections III and IV ~~and/or the provisions of the State of Illinois Fiscal Control and Internal Auditing Act~~, audit organizations are required by the SIAAB to include an explanatory paragraph identifying the ~~noncompliance~~[nonconformance](#) and corrective action to be taken. The explanatory paragraph is required to be included in each report released by the Internal 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 Board.

Article I, Section IV – 1.4.4 Other Coordinators. Added the following new paragraph: *Whenever a new FOIA Coordinator or Assistant FOIA Coordinator is designated by SIAAB, that person must successfully complete the training provided by the Illinois Office of the Attorney General for both the Freedom of Information Act and the Open Meetings Act within 30 days after assuming the position.* Addition of new paragraph approved by SIAAB on December 9, 2014.

Article I, Section IV – 1.4.4 Other Coordinators – amended paragraph for new FOIA Coordinator or Assistant FOIA Coordinator regarding training within 30 days after assuming the position to include “*and, annually thereafter.*” Amendment approved by SIAAB on December 9, 2014.

Article III, Section IV – 3.4.4 External Quality Assurance Review Reports – was amended to add the following sentence to the end of paragraph, “*The official date of a QAR report shall be the date a QAR report is submitted to the SIAAB Quality Assurance Coordinator or Assistant Quality Assurance Coordinator for approval, if the report is subsequently approved by the SIAAB.*” Amendment approved by SIAAB on December 9, 2014.

Article II, Section V – Continuing Education Requirements - 2.5.2 Qualifying CPE Activities – was amended by SIAAB on March 10, 2015, to delete the following sentence at of the second paragraph, “*Additionally, the CPE Sponsor must either be registered as a CPE Sponsor with the Illinois Department of Professional Regulation or the National Association of State Boards of Accountancy (NASBA) National Registry.*”; and corrected section “b” title to read, “*Individual study programs, including:*”

[The Bylaws were amended December 13, 2016 to incorporate various changes to the Internal Auditing Standards effective January 1, 2017.](#)

*Copyright ~~2013~~2017 by The Institute of Internal Auditors, Inc., ~~247 Maitland Avenue, Altamonte Springs~~1035 Greenwood Blvd, Lake Mary, Florida, ~~32710-4201~~32746 U.S.A. Reprinted with permission. The express approval of The Institute must be obtained prior to re-releases, reorders, or reprints of the copied material.