

## **SIAAB Guidance #01**

### **Internal Audit Access to Records, Personnel and Physical Properties**

**Adopted July 9, 2013**

**Revised In Accordance with 2017 Standards – Effective January 1, 2017**

#### **SIAAB Interpretation**

An effective Internal Audit function requires the unrestricted access to records, personnel and the physical properties of the State agency or office in order to execute its responsibilities. This access relates to not just a specific engagement but anytime it is deemed necessary by the Chief Internal Auditor in order to execute the responsibilities of the office. There are other activities performed by the internal audit function that may not pertain to a specific engagement. This includes activities such as an entity-wide risk assessment, process documentation, planning activities, inquiry regarding potential weaknesses brought to the attention of a Chief Internal Auditor, and consulting. These activities all relate to specific responsibilities of an effective internal audit function. The determination of whether it is necessary to have access to certain records, personnel or physical properties must be at the sole discretion of the Chief Internal Auditor and any denial of this right would be an impairment of the audit function's independence and objectivity.

This authority should be clearly outlined in the Internal Audit Charter in accordance with Institute of Internal Auditors Standard AS 1000. The authority for this power of the Chief Internal Auditor is provided for in Section 2003(b) of the Fiscal Control and Internal Auditing Act (FCIAA) which states, "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." Accordingly, State of Illinois Internal Auditors must have access to records, personnel, and physical properties sufficient to identify, analyze, evaluate risks necessary to carry out the duties required under FCIAA.

In order to properly communicate this authority, each State of Illinois designated internal audit activity must adopt an Internal Audit Charter and obtain the approval of the chief executive officer and the board, if applicable. The Internal Audit Charter must include among other things, the nature of Assurance and Consulting engagements, the chief audit executive's functional reporting relationship with the agency head and board if applicable, authorized access to records, personnel, and physical properties relevant to the performance of engagements and define the scope of audit activities.

## **Fiscal Control and Internal Auditing Act (30 ILCS 10)**

Section 2003(b) of the Fiscal Control and Internal Auditing Act (FCIAA) states, “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.” Accordingly, State of Illinois Internal Auditors must have access to records, personnel, and physical properties sufficient to identify, analyze, evaluate risks necessary to carry out the duties required under FCIAA.

### **IIA Standards**

#### **AS 1000 – 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 Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing). The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

*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, including the nature of the chief audit executive's functional reporting relationship with the board; 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.*

**1000.A1** – 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.

**1000.C1** – The nature of consulting services must be defined in the internal audit charter.

#### **IIA's Practice Advisory 1130**

Impairment to organizational independence and individual objectivity may include, but is not limited to, personal conflict of interest; scope limitations; restrictions access to records, personnel; and properties, and resource limitations such as funding.

#### **IIA Glossary of Definitions:**

**Engagement**- A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.