

3.4.2 ESTABLISHMENT OF STANDARDS

On 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, 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.

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 support a conclusion that the internal audit activity Generally Conforms demonstrate that the internal audit activity is in compliance with the *Standards*. ~~The IIA defines compliance as the conformity and adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements~~When internal or external assessments result in a conclusion of Partially Conforms or Does Not Conform to. ~~Whenever internal or external assessments identify nonconformance with the Standards and/or Code of Ethics adopted by the Board's Bylaws in Article II, Sections III and IV, audit organizations are required by the SIAAB to~~ disclose the nonconformance and corrective action to be taken to senior management and the board. The Chief Internal Auditor shall determine the manner of disclosure appropriate for the agency which may include explanatory paragraphs in audit reports, inclusion in the internal audit annual report, or other as deemed appropriate. The disclosure is required annually until a subsequent review has been conducted by the external validator verifying that appropriate corrective action has been taken and approved by the Board. ~~include an explanatory paragraph identifying the 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.~~