

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

**Revised In Accordance with 2024 Global Internal Audit Standards – Effective
January 7, 2025**

**** Note: The State Internal Audit Advisory Board (SIAAB) requires Illinois Internal Auditors to follow the Global Internal Audit Standards (GIAS) of the Institute of Internal Auditors (IIA). The structure of GIAS consists of 5 Domains, 15 Principles and 52 Standards. Any references made to GIAS will begin with the Domain, then Principle followed by a (.) and then the Standard. For example, Domain II, Principle 3, Standard 4 would be referenced as GIASII 3.4.*

The terms “Chief Executive Officer” or “Agency Head” as utilized in this document are interchangeable and shall refer to the individual who has been designated by the Governor as the head of an agency under the Governor or the Constitutional Officer, in the case of those entities which do not fall under the direct jurisdiction of the Governor. The term “Agency” as utilized in this document, refers to an agency under the Governor or the Constitutional Office, in the case of those entities which do not fall under the direct jurisdiction of the Governor.

The terms “Chief Internal Auditor,” “Chief Audit Executive,” “Director Internal Audit” or similar positions describes the role of a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of GIAS and ensuring the quality of the performance of internal audit services. This document uses those terms interchangeably. The specific job title and/or responsibilities of the chief audit executive may vary across organizations. In Illinois, the Fiscal Control and Internal Auditing Act refers to this position as Chief Internal Auditor. The Chief Internal Auditor or others reporting to the Chief Internal Auditor, will have the appropriate professional certifications and qualifications.

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

An Internal Audit Charter is required by GIASIII 6.2. It states Internal Audit's authority should be clearly outlined in the Internal Audit Charter. The authority for this power of the Chief Internal Auditor is also 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.

The Institute of Internal Auditors states in its glossary definition of Internal Audit Charter, "The internal audit charter is a formal document that includes the internal audit function's mandate, organizational position, reporting relationships, scope of work, types of services and other specifications." Therefore, the Internal Audit Charter should address the authority and responsibility of the internal audit function, but also ensure the function is properly positioned to carry out its duties and responsibilities and is authorized to have access to all records, personnel, and physical properties relevant to the performance of engagements; and sufficiently defines the scope of all internal audit activities.

GIASIII 6.3 states in part that the Board must, "Demonstrate support by: Specifying that the chief audit executive reports to a level within the organization that allows the internal audit function to fulfill the internal audit mandate. Approving the internal audit charter, internal audit plan, budget, and resource plan." Within the context of this definition, the IIA states that "board" refers to "the head of the organization" if it does not have a "board." Therefore, for State agencies, except those with a Board authorized by statute, this means the Chief Executive Officer of the agency. For agencies which have a Board, it means dual reporting to both the Chief Executive Officer and the Board.

In addition, GIASIII 7.1 states that an impairment to independence would exist if, "Management attempts to restrict access to the data, records, information, personnel, and physical properties required to perform the internal audit services." This applies to all engagement services whether assurance or advisory in nature (See definitions of each type of engagement).