



State of Illinois
State Internal Audit Advisory Board

SIAAB Bylaw, Article 3 Quality Assurance Reviews



Jay Wagner, CIA, CFE, CISA, SIAAB Chair
Chief Internal Auditor, Office of the Attorney General

Julie Zemaitis, CPA, SIAAB CPE Coordinator & Webmaster
Executive Director of University Audits, University of Illinois System

Bylaw 3.1.1– Authority

- ▶ The SIAAB Bylaws constitute the authority for and policy governing a Quality Assurance Review Program (also referred to as a Peer Review Program) applicable to all State of Illinois government internal audit organizations.
- ▶ The QAR Program is administered by the State Internal Audit Advisory Board under authority granted by the Fiscal Control and Internal Auditing Act (30 ILCS 10/2005(f)(3)).

Bylaw 3, Section III – QAR Coordinators

Pursuant to the Bylaws and any applicable directives of SIAAB, the Quality Assurance Coordinator and Assistant Quality Assurance Coordinator shall have the following powers:

- To administer the activities of the Quality Assurance Review program;
- To recommend to SIAAB modifications to the evaluation standards, guidelines, evaluation criteria and requirements for assessments of Internal Audit Organizations; and
- To make procedural decisions affecting the Quality Assurance Review Program which are consistent with the Bylaws and/or directives of SIAAB.

Bylaw 3, Section IV – Quality Assurance Reviews

Polling Question: How often must external Quality Assessments to be conducted?

- At least annually
- At least once every two years
- At least once every three years
- At least once every five years
- External quality assessments are a strongly recommended practice, but are not required.
- I do not know
- I prefer not to answer

Bylaw 3.4.2 – Establishment of Standards

- ▶ SIAAB has statutory authority to coordinate quality assurance (peer) reviews, referred to as external quality assessments in Auditing Standard (AS) 1312.
- ▶ External assessments must be conducted once every five years.
- ▶ 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 *Standards*.

Bylaw 3.4.3 – QAR Review Teams

- Each Internal Audit Organization and Quality Assurance Review Team is required to follow SIAAB's external quality assurance methodology as outlined in the Bylaws.
- Before proceeding with the assessment, the Chief Internal Auditor must contact the Quality Assurance Coordinator to obtain the Board approval of the team by submitting the Request for Quality Assurance Team form with each team members' Statement of Independence and Confidentiality Commitment Forms.
- The CPE Coordinator will maintain a listing of individuals who have completed the quality assurance review training and may be interested in serving on a review team.
 - The online training is open to everyone and is worth **4 government CPE**. It can be taken again for CPE if it has substantially changed or after two years have passed.
- The QAR Process is outlined in detail on SIAAB's QAR Program page:
 - https://siaab.audits.uillinois.edu/QAR_Program/

Bylaw 3.4.3 – QAR Team Member Qualifications

Each team member:

- Requires a bachelor's degree with course work in auditing, business management, public administration, economics, computer science, accounting or other related subjects. Preferably with twelve semester hours in accounting.
- Requires either:
 - Four years of progressively responsible professional auditing experience and certification as a Certified Internal Auditor (CIA) or Certified Public Accountant (CPA), or
 - Five years of progressively responsible professional auditing experience.
- Must have successfully completed the most recent version of SIAAB's online Quality Assurance Review Training Program, unless waived by SIAAB.
- Must be in compliance with the SIAAB's continuing professional education requirements as set forth in **Bylaw 2.5.1**.

At least one member of the review team must have some governmental experience or other industry specific experience.

Bylaw 3, Section IV – Quality Assurance Review Requirements

Polling Question: For designated State agencies in the State of Illinois, what resources must the chief internal auditor use during quality assurance review?

- The SIAAB QAR Report template and Matrix
- The interview questionnaires for internal auditors and chief executive officers
- The quality assurance coordinator checklist
- All of the above
- I do not know
- I prefer not to answer

Bylaw 3, Section IV– Final Report

- All final Internal Audit Department's External Quality Assurance Review Reports shall also contain the written responses of the Internal Audit Organization.
- Only a Quality Assurance Coordinator has authority to issue SIAAB's Letter to Accept/Decline to Accept each Internal Audit Department's External Quality Assurance Reports. Each letter must be signed by a Quality Assurance Coordinator and will be issued as follows:
 - One copy to the Chief Executive Officer of the Internal Audit Organization;
 - One copy to the Chief Internal Auditor of the Internal Audit Organization;
 - One copy to the Quality Assurance Review Team Leader;
 - One copy to be kept by the Quality Assurance Coordinator until completion of the next external quality assurance review; and
 - One copy to the Board's Freedom of Information Officer.

Bylaw 3, Section V – Engaging Agencies

- Following coordinator appointments in March of each year, a Quality Assurance Coordinator may contact the Chief Internal Auditors (or an appropriate audit liaison) of agencies with upcoming QAR due dates (i.e., QARs due within the next 18 months, QARs likely to begin during the next year) to notify them of their role as Quality Assurance Coordinator and advise them of the resources available to assist them in completing the QAR by the deadline **(Bylaw 3.5.1)**.
- When an agency becomes delinquent on their quality assurance review, a Quality Assurance Coordinator will contact the Chief Internal Auditor (or an appropriate audit liaison) and request an update **(Bylaw 3.5.2)**.
- When an agency is more than one year delinquent on their quality assurance review, the Chair may send a letter to the agency's chief executive officer, with the following conditions **(Bylaw 3.5.2)**:
 - The Chief Internal Auditor should be engaged prior to issuance of a late QAR letter.
 - The letter should include information about correspondence from the Chief Internal Auditor, as appropriate.
 - Each letter to a chief executive officer must be approved by a vote of the Board.
 - Letters may be sent at one year intervals following the QAR deadline, subject to the same aforementioned conditions.