

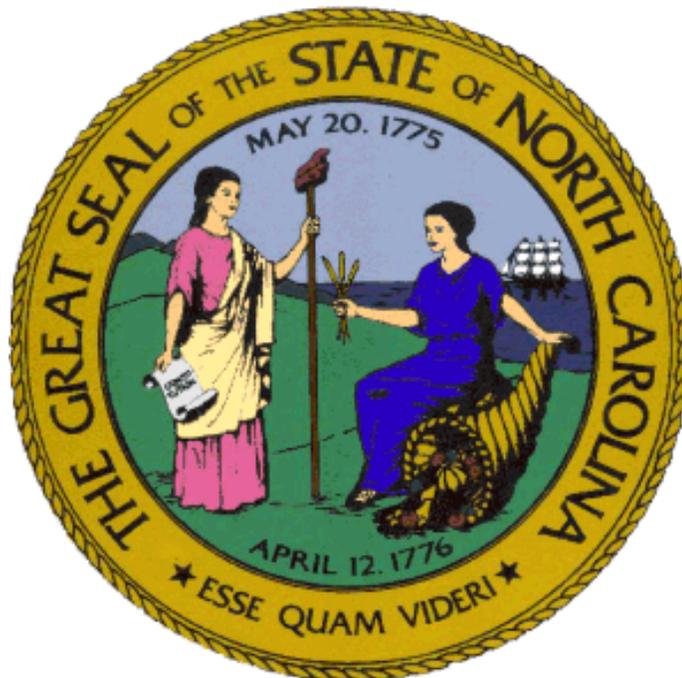
# COUNCIL OF INTERNAL AUDITING

## Office of Internal Audit

(919) 807-4700 (Phone)

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## North Carolina Peer Review Program



Guidelines, Policies and Procedures for Statewide  
External Quality Assessment/Peer Review Program

[Council of Internal Auditing Website](#)

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**ACKNOWLEDGMENTS**

This manual is adapted from the Institute of Internal Auditors (IIA) Quality Assurance Review Program, and similar Peer Review Programs including the State of Texas SAIAP Peer Review Program and the North American Association of State and Provincial Lotteries (NASPL). The IIA has published copyrighted materials for its peer review program. The Office of State Budget and Management's Office of Internal Audit (OIA) has adapted pertinent portions of these publications with the permission of the IIA.

Revisions to the guidelines will be made periodically based on changes in the Standards, suggestions from participants in the process, and other guidance materials. Users of the manual are encouraged to provide suggestions to the OIA for improving the peer review process. Participants in the process are also encouraged to complete the peer review survey after performing or receiving a peer review through the program.

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## **I. OVERVIEW**

### **A. Peer Review Program Purpose**

The Council of Internal Auditing Peer Review Program is a cooperative external review program required by the Internal Audit Act, G.S.143-747(c)(6). This program helps state agencies and universities comply with The Institute of Internal Auditors (IIA) *International Professional Practice Framework (Standards<sup>1</sup>)*. In order to comply with the Standards, internal auditing functions are required to have an independent external assessment at least once every five years. The purpose of an external assessment is to evaluate and express an opinion on an Internal Audit function's compliance with the *Standards*. The opinion is expressed as one of three possible ratings: "generally complies", "partially complies", or "does not comply."

1. Generally complies - means that the relevant structures, policies, and procedures of the activity, as well as processes by which they are applied, comply with the requirements of the individual *Standard* or element of the *Code of Ethics* material.
2. Partially complies – means that the Internal Audit organization is making good faith efforts to comply with the *Standards* and the *Code of Ethics* but has fallen short of achieving some of their major objectives.
3. Does not comply – means the Internal Audit activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many or all of the *Standards* or elements of the *Code of Ethics*.

The Peer Review Program enables State agencies<sup>2</sup> to obtain their external assessment in a method that is cost-effective and educational.

### **B. Peer Reviewer Qualifications**

Internal auditors in State agencies who meet the minimum requirements for conducting external reviews have the opportunity to volunteer in the Peer Review Program. Participating on Peer Review Teams provides training opportunities for internal auditors both performing and receiving peer reviews. The process offers a chance to network with other professionals from State agencies and provides insights into best practices peer reviewers can take back to their own internal audit functions.

The OSBM OIA coordinates Quality Assurance Training in accordance with IIA quality review requirements. Internal auditors must meet minimum requirements in order to participate as a team member or team lead for external reviews.

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<sup>1</sup> The International Professional Practice Framework has three mandated elements which included the IIA's Definition of Internal Auditing, the Code of Ethics and the Standards for the Professional Practice of Internal Auditing.

<sup>2</sup> State agency means each department created pursuant to Chapter 143A or 143B of the General Statutes, the Judicial Branch, The University of North Carolina, and the Department of Public Instruction.

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**Team Lead Requirements**

1. Is a certified audit professional (CIA, CPA, CISA, etc.) with current in-depth knowledge of the Standards.
2. Is well versed in the best practices of the profession.
3. Has at least five years of recent experience in the practice of internal auditing or consulting at a management level.
4. Has at least five years of recent experience in the practice of leading an audit engagement.

**Team Member Requirements**

1. Is a certified audit professional (CIA, CPA, CISA, etc.) with current in-depth knowledge of the Standards; and/or
2. Has at least two years of recent experience in the practice of leading an audit engagement.

Qualified Internal Auditors interested in participating in the Council's Peer Review Program should download and complete the Peer Reviewer Volunteer Application located on the OIA's website (see QAR Assessment Map – A1).

**C. Roles and Responsibilities**

Council of Internal Auditing

The Council of Internal Auditing has the overall responsibility for the external peer review program. Specific functions performed by the Council are to provide guidance in the form of policies, and resolve potential disputes that exist once all grievance processes have been exhausted, and to ensure the consistency of Council's external peer reviews.

OSBM Office of Internal Audit

The OIA is responsible for the day-to-day operation of the peer review program. The OIA has responsibility in two major areas:

1. Administration of the review process on a daily basis.
  - a. Coordination and assignment of review teams.
  - b. Conducting a quality assurance review of Quality Assurance Review (QAR) workpapers.
  - c. Maintain final workpapers and reports.
2. Training of review team members.

The Internal Audit Director (Director), or designee, has been charged with the overall responsibility of performing these functions. This individual manages the daily program activities in compliance with the policies and procedures approved by the Council of Internal Auditing. In addition, the Director, or designee, coordinates QAR training for volunteers as appropriate based on the need and the budget.

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The Director, or designee, will assist in organization of the review team, coordination between the review team and the agency internal audit function, and coordination in peer review documentation.

Peer Review Committee

The Peer Review Committee consists of three volunteers who may serve as:

1. An arbitrator in the event of a disagreement regarding the outcome of a review.
2. A quality reviewer of the Peer Review Program process which will be conducted every five years.
3. A quality reviewer of OSBM peer review.
4. A reviewer of any updates to the Peer Review manual.

Every three years, the members who have served on this committee will rotate off and be replaced by representatives from other member agencies' internal audit staff, as selected by the OIA Director, or designee, and agreed upon by the committee members. Committee members will rotate off on a staggered basis to provide continuity of the committee process.

Agency Internal Audit Function

It is the responsibility of each Internal Audit Director<sup>3</sup> to obtain required external reviews. To participate in the Peer Review Program, State agencies are required to contribute:

1. Peer Review Team travel expenses when receiving a peer review.
2. Team members for conducting a peer review based on a required number of participation points. For more information on participation points, see Section II.A. Reciprocity Participation Policy and Procedure.

Peer Review Teams

Although the time involved in performing a peer review will vary, peer review team members are estimated to spend 40-50 hours on-site completing a peer review. Peer Review Team Leads (also, Team Members as assign by the Team Lead) are estimated to spend additional time (100-150 hours total) planning the review, scheduling interviews, distributing surveys, compiling survey results, spending time on-site, and finalizing the report.

Peer Review Teams create client and staff surveys, interview selected members of the State agency being reviewed, evaluate the conformance to the Standards, review quality and process improvements, provide a summary of issues and recommendations (if appropriate), and draft a review report. Although surveys and information will need to be modified depending on the State agency, examples and templates for conducting the work are provided on the OIA's website under the QAR Assessment Map.

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<sup>3</sup> For the Peer Review Program, the Internal Audit Director refers to the audit professional who oversees the internal audit function in the State agency.

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## **II. PROGRAM POLICIES AND PROCEDURES**

### **A. Reciprocity Participation**

#### Purpose

The purpose of this policy is to provide the Peer Review Program participating State agency internal audit functions with guidance on providing equitable reciprocal participation on Peer Review Teams.

#### Policy

All participating State agency internal audit functions must reciprocate resources at the same level as that needed to conduct an effective peer review of its own internal audit function. Peer Review Teams, at a minimum, will be comprised of a Team Lead and one Team member. The OIA Director, or designee, is responsible for maintaining records of participation.

#### Procedures

To ensure proper reciprocation of resources a participation point system will be used. A State agency internal audit function earns points as followed:

1. Team Lead for a peer review earns a credit of 4 points.
2. Team member for a peer review earns a credit of 2 points.
3. Peer Review Committee earns a credit of 1 point.
4. Mediator, per the Dispute Resolution Policies and Procedures, earns a credit of 3 points.
5. Peer Review Committee members that performs a QAR of Council's Peer Review Program earns 3 points for their internal audit function.
6. Volunteer to participate on a workgroup related to the improvement of the peer review process earns 2 points.
7. An internal audit function that provides a volunteer to develop or improve peer review templates, surveys, questionnaires or programs earns 1 point.
8. Volunteer to assist with peer review training earns 1 point.
9. Volunteer to provide a training session on the QAR process earns 6 points.

For example, if the internal audit function's last Peer Review Team consisted of one lead and one member, the State agency must accumulate 6 participation points within five years of its most recent peer review.

Below are minimum guidelines for the number of persons to include on a Peer Review Team:

1. Small internal audit function (1-2 professional persons audit shop): Requires a two Person Peer Review Team (Team Lead – 4 points and Team Member – 2 points)
2. Medium internal audit function (3-8 professional persons audit shop) – Two Person Peer Review Team (Team Lead – 4 points, Team Member – 2 points)
3. Large internal audit function (more than 8 professional persons audit shop) – Three Person Peer Review Team (Team Lead – 4 points, Team Members – 2 points each).

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To ensure objectivity and independence in fact and appearance, the following rules apply:

1. Former auditors of the internal audit function under review will not serve as Team Leads or Members until their previous internal audit function State agency has received a peer review or two years have passed, whichever is first.
2. Internal auditors cannot serve as a Team Lead or Member on a peer review conducted on their own internal audit function.
3. Each University Peer Review Team must include one State agency internal auditor.
4. Reciprocal reviews are not allowed. Example: if a DOT auditor participates on a Peer Review Team that is performing a QAR at OSBM then all OSBM auditors must refrain from participating on a Peer Review Team performing a QAR at DOT. This limitation is in place until OSBM receives a subsequent peer review provided by a Peer Review Team which does not include DOT auditors.

Additional requirements and guidelines are:

1. An internal audit function that has auditors participating in peer reviews as a Team Lead or Team Members are entitled to their credits for participation unless the peer review is terminated prior to conducting the preliminary meeting.
2. The OIA will assist Internal Audit Directors in coordinating Team Members for his/her internal audit function's peer review.
3. The OIA will maintain a tracking system to record and monitor points used and earned. The system will maintain the internal audit function's point balance and each individual's participation. At the end of a peer review, individual participation and internal audit function's points will be recorded.
4. Point sharing is allowed. Any State agency may donate points to another participating State agency. The donating State agency must, in writing, inform OIA of the number of points being donated and the State agency that will receive the points.

## **B. Dispute Resolution**

### Purpose

The purpose of this policy is to provide participating State agency internal audit functions with guidance for resolving disputes that may arise in conjunction with Peer Reviews performed by OIA volunteer peer reviewers.

### Policy

The participants who comprise the Peer Review Program membership are committed to communicating and interacting on a professional basis throughout all peer review activities. When difficulties arise during a peer review, the Internal Audit Director and the Team Lead will make every reasonable attempt to reach consensus on actions needed.

The Peer Review Program membership recognizes that occasionally some differences could benefit from third-party intervention and assistance. The OIA Peer Review Committee is available to assist with dispute resolution of peer review issues involving member agencies. Persons serving in the role of Mediator as described below earn a credit of 3 points, per the Reciprocity Participation Policies and Procedures.

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Procedures

State agencies that desire dispute resolution assistance from the Peer Review Committee will follow the procedures outlined below:

1. Both the Team Lead and Internal Audit Director will submit a written request for assistance from the Peer Review Committee Chair if third party intervention and assistance is needed regarding a Peer Review. This request should describe the nature of the disagreement, the issues involved, and authoritative support as appropriate. The request will be submitted to the OIA Director, or designee. The OIA Director is responsible for providing this information to the Peer Review Committee Chair or Committee member if the Chair is involved in the peer review, within one working day.
2. Within five business days of receiving the request, the Peer Review Committee Chair or Committee member if the Chair is involved in the peer review, will assign a Committee member who is independent of the dispute to serve as a Mediator for the project. The Mediator will certify in writing that he or she does not have a conflict of interest with either party involved in the dispute by completing the Statement of Independence for Mediators on the OIA's Website under QAR Assessment Map – A5
3. Within five working days of receiving the assignment, the Mediator will communicate with both the Peer Review Team Lead and the Internal Audit Director for the purpose of determining the facts of the dispute. This may be done individually or jointly at the discretion of the Mediator. This can be done via phone, internet, or in-person.
4. Both parties to the dispute will provide additional documentation as requested by the Mediator within three working days.
5. The Mediator will meet with the parties and provide a recommended solution in writing within ten working days of receiving either all requested documents (Step 4 above) or determining the facts (step 3 above). A copy must be forwarded to the Peer Review Committee Chair and the OIA.
6. The parties will accept the Mediator's recommendation or develop an alternative solution that maintains the integrity of the peer review process and meets internal auditing standards and the IIA Code of Ethics.
7. The recommended solution and final resolution will be part of the workpapers.
8. The Mediator will notify OIA when the dispute resolution has been completed so the points that were earned will be tracked for reciprocity purposes.

**C. Confidentiality of Information**

Purpose

The purpose of this policy is to provide participating State agency internal audit functions with guidance on confidentiality requirements.

Policy

The Peer Review Team Lead, Team Members, and any individual participating in a dispute resolution or quality assurance review will not disclose, verbally or in writing, information

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concerning the reviewed internal audit function or any of its clients without authorization from the Internal Audit Director of the internal audit function under review. The only exception is compliance with public records laws and Records Retention Policies and Procedures.

Procedure

Internal audit functions and Peer Review Teams participating in the Peer Review Program process will follow the procedures outlined below:

1. The Peer Review Team and dispute resolution participants, quality reviewers of the peer review program and the OIA Director, or designee, will not discuss any information reviewed, identified or created during the peer review with anyone other than the Internal Audit Director of the internal audit function under review.
2. The Internal Audit Director of the internal audit function under review can authorize the Peer Review Team to disclose certain information to specific individuals such as management, governing board members or Peer Review Committee members (to comply with Dispute Resolution Policies and Procedures).
3. The Peer Review Team will keep secure all workpapers developed during the peer review and only disclose workpapers to the Internal Audit Director of the internal audit function under review or the OIA. At the completion of the peer review all peer review workpapers, documents, and reports will be submitted to the OIA (to comply with Records Retention Policies and Procedures).
4. No Peer Review Team member will retain copies of the peer review workpapers unless approved by the Internal Audit Director of the internal audit function under review.
5. If questions or concerns about confidentiality arise during the peer review process, contact the OIA Director, or designee, for clarification.

**D. Records Retention**

Purpose

The purpose of this policy is to provide participating State agencies internal audit function with guidance on how to maintain workpapers for peer reviews.

Policy

Ownership of peer review workpapers remain with the OIA. The Peer Review Team Lead is responsible for control of the workpapers during the Peer Review. Workpapers will be maintained for a period of ten (10) years.

Procedure

Internal audit functions and Peer Review Teams participating in the Peer Review Program process will follow the procedures outlined below:

1. Workpapers maintained by the Peer Review Team will be kept secured and will not be released to anyone during or after completion of the peer review except the OIA.
2. The Peer Review Team Lead will submit the peer review workpapers/report to the OIA no later than ten (10) business day after the exit conference.

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3. The Peer Review Team will provide workpapers/report in electronic format (CD) or a mixture of electronic format and paper format if paper documents are part of the workpapers.
4. The Peer Review Team will not retain any of the peer review workpapers after completion of the review. After submission of workpapers to OSBM, the Peer Review Team will delete/destroy all electronic workpaper.
5. The OSBM OIA Director, or designee, will retain the peer review workpapers for a period of ten (10) years.
6. The peer review report should be kept in the internal audit function's permanent files.

### **E. Conformance with Standards**

#### Purpose

The purpose of this policy is to provide participating State agency internal audit functions with a definition and understanding of conformance with the IIA Standards.

#### Policy

Conformance with Standards does not mean the ideal situation or best practice. Instead, the Peer Review Team should consider the degree an internal audit function conforms, in spirit and intent, to the Standards. Ratings provided by the Peer Review Team will be one of the three following:

**Generally Conforms:** The Peer Review Team has concluded that the relevant structures, policies, and procedures of the internal audit function, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to a majority of the individual Standards or elements of the Code of Ethics, and at least partial conformity to the others, within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the internal audit function has not implemented the Standards or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, "best practice," etc.

**Partially Conforms:** The Peer Review Team has concluded that the internal audit function is making good-faith efforts to comply with the requirements of the individual Standard or element of the Code of Ethics, section, or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the Standards or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit function and may result in recommendations to senior management or the board of the State agency.

**Does Not Conform:** The Peer Review Team has concluded that the internal audit function is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many/all of the objectives of the individual Standard or element of the Code of Ethics, section, or major

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category. These deficiencies will usually have a significant negative impact on the internal audit function's effectiveness and its potential to add value to the State agency. These may also represent significant opportunities for improvement, including actions by senior management or the board.

Procedure

Peer Review Teams will consider the size of an internal audit function since small audit functions may have less supervisory reviews or documented policies and procedures than larger internal audit functions.

Peer Review Team members should:

1. Consider each individual standard and conclude as to the degree of conformity to Standards.
2. Consider each section of the Standards and conclude as to the degree of conformity based on the individual Standards within the section.
3. Consider both major categories, Attribute and Performance, and conclude as to the degree of conformity based on all sections within that major category.
4. Consider the four principles and related rules of conduct in the Code of Ethics and conclude whether or not the internal audit function management and staff uphold these principles and related rules.

**F. Quality Assurance Review of Peer Review Program**

Purpose

The purpose of this policy is to provide the Peer Review Committee with guidance on how to conduct a review of the Peer Review Program.

Policy

The Peer Review Committee is responsible for provide a quality assurance review of the Peer Review Program every five (5) years.

Procedure

1. The OIA Director, or designee, will request a quality assurance review from the Peer Review Committee.
2. The OIA Director, or designee, will provide a list of all peer review projects to the Peer Review Committee.
3. The Peer Review Committee will select a sample of peer review projects for the quality assurance review.
4. Peer review workpapers will be reviewed for adequacy and completeness.
5. A report/letter will be issued to the Council of Internal Auditing communicating the results of the review.

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### **III. Peer Review Procedures**

An outline of the peer review steps and each of the entities responsibility throughout the process can be seen in Appendix A.

#### **A. Peer Review Preparation**

Preparing for the peer review is essential to facilitating a more efficient and effective peer review. Internal self-assessments are recommended to ensure your internal audit function is appropriately positioned for a formal QAR. A sample self-assessment checklist can be downloaded from the OIA’s website (see QAR Assessment Map - A8) and may assist you with an internal self-assessment. A self-assessment should be completed at least 12 months prior to the QAR request. This will help identify any gaps or issue and provide time to implement process changes which will allow the QAR review team to measure the internal audit function on the new processes.

Prior to requesting a QAR, a State agency’s internal audit function must review the Peer Review Program Guidelines, notify the appropriate agency management of the peer review process and MUST complete the Planning Questionnaire.

It is highly recommended the internal audit functions start completing the Planning Questionnaire Tool (see QAR Assessment Map – A6 on OIA’s website) anywhere from three to six months prior to the need for a peer review. The questionnaire is a lengthy and comprehensive document that must be completed when the Requesting a Review form is submitted.

<b>Owner</b>	<b>Peer Review Preparation Responsibilities</b>
Internal Audit Director	<ul style="list-style-type: none"><li>• Review Peer Review Guidelines.</li><li>• Consider the self-assessment checklist.</li><li>• Start completing the Planning Questionnaire to ensure you are prepared for a peer review.</li><li>• Notify appropriate agency management.</li></ul>

#### **B. Planning Questionnaire**

The Planning Questionnaire provides the foundation for the internal audit function’s peer review. It is required that the requesting internal audit function complete this before the initial request is made since it is a lengthy and comprehensive document and may take several weeks to complete.

The comprehensive document is to be completed by the Director of Internal Audit or designee. Completing the planning questionnaire should facilitate a more efficient and effective peer review for both the peer review volunteers and the internal audit function being reviewed. The tool is based on the questionnaire in the Quality Assessment Manual published by the IIA. The Internal audit function being reviewed should respond to all questions, requests for information, and requests for evaluative comments. The planning tool is comprehensive and

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internal audit functions being reviewed should plan adequate time to complete the tool prior to requesting the review. The Planning Questionnaire can be downloaded from the OIA's website – see QAR Assessment Map - A6 and should be provided to the Team Lead at the time the Memorandum of Understanding is executed.

<b>Owner</b>	<b>Planning Tool Responsibilities</b>
Internal Audit Director	<ul style="list-style-type: none"> <li>• Complete the Planning Tool and submit the document, and corresponding attachments, to the Team Lead when the MOU is executed.</li> </ul>
Team Lead	<ul style="list-style-type: none"> <li>• Distribute the completed tool to the Team members once received from the Internal Audit Director, if appropriate.</li> <li>• Review the tool in preparation for the peer review.</li> </ul>
Team Members	<ul style="list-style-type: none"> <li>• Review the tool in preparation for the peer review.</li> </ul>
OIA	<ul style="list-style-type: none"> <li>• Assist the Internal Audit Director with any questions he/she may have while completing the tool.</li> </ul>

**C. Requesting a Review**

After reviewing the Peer Review Program Guidelines and completing the Planning Questionnaire, the requesting internal audit function completes the request form found on the OSBM OIA website (see QAR Assessment Map – A2) and submits it to the OIA.

The OIA Director, or designee, within one week of receipt of the request, reviews the request, identifies team members, and proposes team members to the requesting internal audit function director (Director). The Director selects team members and informs OIA. OIA will contact the selected members and determine if there are any independence/objective impairments.

Internal audit functions are encouraged to submit a request at least three to four months in advance of their need for an external review. Review teams will be based upon the requesting internal audit function's size, types of audits completed, prior external review, type of State agency and volunteer availability.

<b>Owner</b>	<b>Requesting a Review Responsibilities</b>
Internal Audit Director	<ul style="list-style-type: none"> <li>• Complete the Planning Questionnaire.</li> <li>• Complete the Peer Review Request Form and submit the form to the OIA at least three months before the requested review date.</li> <li>• Select team members and informs OIA.</li> </ul>
Office of Internal Audit (OIA)	<ul style="list-style-type: none"> <li>• Confirm receipt of the request form with the internal audit function.</li> <li>• Review the request form for any additional information needed from the Internal Audit Director.</li> <li>• Identify team members and submit to Internal Audit Director.</li> </ul>

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	<ul style="list-style-type: none"> <li>• Confirm team members with the Internal Audit Director.</li> <li>• Contact team members and determine independence status.</li> <li>• Document Peer Review Team member and request in tracking system.</li> </ul>
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**D. Independence Statement**

Once the Review Team has been selected by the requesting Internal Audit Director, all team members must complete the Independence Statement. The Independence Statement is intended to document the professional qualifications and independence of the team members in accordance with the *Standard* and as defined in Reciprocity Participation of this manual.

Team Members should complete the form and email or fax a copy to the OIA. The original form should be provided to the Team Lead for inclusion in the workpapers. A copy of the Independence Statement is found on the OIA’s website under QAR Assessment Map – A4.

Owner	Independence Statement Responsibilities
Team Lead	<ul style="list-style-type: none"> <li>• Complete the Independence Statement and submit to OIA.</li> </ul>
Team Members	<ul style="list-style-type: none"> <li>• Complete the Independence Statement and submit to OIA.</li> </ul>
OIA	<ul style="list-style-type: none"> <li>• Provide the Independence Statement to the review team members.</li> <li>• Review and retain copies of the Independence Statements.</li> </ul>

**E. Memorandum of Understanding**

Once a Review Team is organized and agreed upon, the requesting State agency internal audit function drafts a Memorandum of Understanding (MOU) and forwards the draft to the assigned Team Lead for review. This should be completed ten weeks prior to on-site visit. A sample MOU is located on the OIA’s website – see QAR Assessment Map – A3.

The MOU specifies the purpose and scope of the peer review, who will conduct the review, when it will be conducted, and how any expenses will be handled. The internal audit function being reviewed is responsible for working directly with the individuals on the Peer Review Team to coordinate travel arrangements. The MOU should be signed and executed before making travel arrangements.

The requesting State agency Internal Audit Director is responsible for determining the review period and is the owner of the MOU.

Owner	MOU Responsibilities
Internal Audit Director	<ul style="list-style-type: none"> <li>• Coordinate and draft a MOU with the identified Peer Review Team Lead.</li> <li>• Owner of the MOU.</li> <li>• Retain original signed MOU.</li> </ul>

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<b>Owner</b>	<b>MOU Responsibilities</b>
Team Lead	<ul style="list-style-type: none"> <li>• Coordinate and draft an MOU with the Internal Audit Director.</li> <li>• Retain a copy of the final MOU to include in the workpapers.</li> <li>• Email MOU copies to the team members.</li> </ul>
Team Member	<ul style="list-style-type: none"> <li>• Sign the MOU and return to Team lead.</li> </ul>
OIA	<ul style="list-style-type: none"> <li>• Sign the MOU and return to all parties involved with the review.</li> </ul>

**F. Preliminary Meeting**

Prior to the preliminary meeting, the Peer Review Team should review the Planning Questionnaire and the Council’s Peer Review Manual. For planning purposes, the Team Lead may use the Peer Review Program Checklist located on the OIA’s website under QAR Assessment Map – A7 to ensure all requirements of the peer review is completed timely. Use of these tools is optional; however, it is highly recommended to ensure all required steps are completed.

After reviewing the Planning Questionnaires, the Peer Review Team and the Internal Audit Director coordinate a preliminary meeting which may be via conference call or in person. The purpose of the meeting is to:

1. Introduce the internal audit staff members and Peer Review Team members.
2. Discuss the Review Process (Team Lead) including:
  - Sending out surveys; and
  - Scheduling interviews.
3. Request list of names and contact information for all the State agency managers who have been involved in internal audits during the review period, internal audit staff, and individuals that the Internal Audit Director report to functionally and administratively.
4. Confirm the review period (determined by the Internal Audit Director).
5. Discussed the process for selecting a representative sample of audit workpapers to be reviewed.
6. Familiarize the Peer Review Team with the policies and procedures of the internal audit function.
7. Select and/or confirm the date for on-site visit.
8. Discuss availability of office space and parking.
9. Discuss travel arrangements, if necessary.

During or immediately following the preliminary meeting, the Internal Audit Director completes the following:

1. Send a list of names and contact information for all of the State agency managers who have been involved in internal audits during the time period being reviewed to the Team Lead.
2. Send a list of names and contact information of individuals the Internal Audit Director reports to functionally and administratively.
3. Send a list of all internal audit staff names and contact information.

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4. Send a list of all internal audits completed during the selected review period (if different than items listed in A6).
5. Send an e-mail notification to the individuals listed in steps F.1 through F.3 above that a peer review is occurring and that they may be contacted to complete a survey or an interview. The Peer Review Lead should be copied on this email.

A preliminary meeting should be held eight weeks before the on-site visit. This meeting may be utilized as the entrance conference if agreed upon by the Peer Review Team and Internal Audit Director.

<b>Owner</b>	<b>Preliminary Meeting Responsibilities</b>
Internal Audit Director	<ul style="list-style-type: none"> <li>• Coordinate a preliminary meeting with the Peer Review Team.</li> <li>• Confirm the review period for the peer review.</li> <li>• Work with the Team Lead to select exact dates for on-site work.</li> <li>• Familiarize the team with the internal audit function's policies and procedures.</li> <li>• During or immediately after the meeting provide:               <ul style="list-style-type: none"> <li>○ A list of all internal audits completed during the time period being reviewed (if different from data in A6);</li> <li>○ A list of names and contact information of individuals the Internal Audit Director reports to functionally and administratively;</li> <li>○ A list of names and contact information of all clients during the time period being reviewed; and</li> <li>○ A list of internal audit staff names and contact information.</li> </ul> </li> <li>• Immediately after the meeting, send:               <ul style="list-style-type: none"> <li>○ An e-mail notification to all individuals included on lists above and copy the Peer Review Team Lead. The notification should inform the individuals that a peer review is occurring and that they may be contacted for an interview or to complete a survey; and</li> <li>○ If requested by Team Lead, start scheduling interviews.</li> </ul> </li> <li>• Discuss travel arrangements, if necessary.</li> </ul>
Team Lead	<ul style="list-style-type: none"> <li>• Coordinate a preliminary meeting with the Internal Audit Director.</li> <li>• Discuss the review process during the meeting.</li> <li>• Work with the Internal Audit Director and Team Members to select exact dates for on-site work.</li> <li>• Immediately after the meeting start scheduling interviews.</li> <li>• Discuss travel arrangements, if necessary.</li> </ul>
Team Members	<ul style="list-style-type: none"> <li>• Attend the preliminary meeting.</li> </ul>

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	<ul style="list-style-type: none"> <li>• Work with the Internal Audit Director and Team Lead to select exact dates for on-site work.</li> <li>• Discuss travel arrangements, if necessary.</li> </ul>
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**G. Travel Arrangements**

The State agency internal audit function being reviewed is responsible for working directly with the Peer Review Team to coordinate travel arrangements. The requesting State agency internal audit function must reimburse Peer Review Team members for travel expense based on the State rates and requirements.

<b>Owner</b>	<b>Travel Arrangements Responsibilities</b>
Internal Audit Director	<ul style="list-style-type: none"> <li>• Work directly with the Review Team to coordinate travel arrangements.</li> <li>• Reimburse team members for meals, travel, and other reasonable expenses.</li> </ul>
Team Lead	<ul style="list-style-type: none"> <li>• Work with the Internal Audit Director to coordinate travel arrangements.</li> <li>• Submit expenses as requested by the Internal Audit Director.</li> </ul>
Team Members	<ul style="list-style-type: none"> <li>• Work with the Internal Audit Director to coordinate travel arrangements.</li> <li>• Submit expenses as requested by the Internal Audit Director.</li> </ul>

**H. Peer Review Plan**

Approximately seven weeks prior to the on-site work, the Peer Review Team Lead should start to develop the peer review plan. This plan should be finalized with two weeks of the on-site visit. The Peer Review Program Checklist (see QAR Assessment Map – A7 on OIA’s website) may be used as the plan. If the Peer Review Program Checklist is used, the Team Lead must modify the “due date” to reflect the actual date a requirement must be completed. However, the use for this form is optional and if not used then, the Team Lead must develop a plan which includes identification of all steps to be completed (i.e. individuals for surveying and interviews, selecting a sample of engagements for review and tools that must be complete), target dates, and workpaper references to the location of the work completed by the Review Team.

The Peer Review Team should become familiar with all the forms and tools. To the extent possible, the Peer Review Team should start completing the following Tools by using the information obtained in the Planning Questionnaire (A6) and the preliminary meeting:

1. Governance (QAR Assessment Map - D1).
2. Staff (QAR Assessment Map - D2).
3. Management (QAR Assessment Map - D3).
4. Process (QAR Assessment Map - D4).
5. Information Technology (QAR Assessment Map - D5).
6. Workpaper Review Tools (QAR Assessment Map - D6 and D7(optional)).

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<b>Owner</b>	<b>Peer Review Plan Responsibilities</b>
Internal Audit Director	<ul style="list-style-type: none"> <li>• If necessary, assist with scheduling interviews.</li> </ul>
Team Lead	<ul style="list-style-type: none"> <li>• Develop a plan to ensure all required review steps are completed timely.</li> <li>• Get familiar with all forms and tools and to the extent possible, start completing D1 through D7.</li> <li>• Identify individuals for interviews.</li> <li>• Contact State agency individuals to schedule interviews.</li> <li>• Select a sample of engagements to review.</li> <li>• Notify Internal Audit Director of selected engagements under review.</li> </ul>
Team Member	<ul style="list-style-type: none"> <li>• Get familiar with all forms and tools and provide assistance to the Team Lead if requested.</li> <li>• Assist Team Lead with scheduling interviews.</li> </ul>

**I. Survey Questionnaires**

The Team Lead is responsible for survey development for the Internal Audit Director, internal audit staff, and audit client's<sup>4</sup> surveys. Examples of these surveys are located on the OIA's website – see QAR Assessment map - B1, B2b, and B3b . These samples can be reviewed and modified based on the internal audit function under review. The Planning Questionnaire should aid in the development of the surveys.

Sample surveys for internal audit staff and clients are available in Adobe Forms Central which is maintained by OIA. Modifications to the surveys should be sent to the Program Development Officer who will establish a link for survey distribution. All requests should be sent to the following e-mail address: [internalauditinfo@osbm.nc.gov](mailto:internalauditinfo@osbm.nc.gov)

At least six weeks prior to the on-site visits, the Team Lead will send out the survey to the Internal Audit Director and will send e-mails including the link to the surveys for internal audit staff and clients. Regardless of the means of distribution, the responses to the survey questionnaires must be returned to the Team Lead. Two weeks should be allowed for submitting responses. Samples of the e-mail for internal audit staff and clients are located on the OIA's website – see QAR Assessment Map – B2a and B3a. The Team Lead will request the survey results from the Program Development Officer once the deadline for submission has passed. An example of the survey results compiled by Adobe Forms Central is located on the OIA's website – see QAR Assessment Map – B4.

The Internal Audit Director will assist with follow-up of survey responses not received timely.

<b>Owner</b>	<b>Survey Questionnaires Responsibilities</b>
Internal Audit Director	<ul style="list-style-type: none"> <li>• Responsible for completing the Internal Audit Director</li> </ul>

<sup>4</sup> State agency managers who received audit services.

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Owner	Survey Questionnaires Responsibilities
	survey. <ul style="list-style-type: none"> <li>• Responsible for following up on surveys not submitted.</li> </ul>
Team Lead	<ul style="list-style-type: none"> <li>• Responsible for modifying the Internal Audit Director, internal audit staff, and client surveys. Send updates needed to Program Development Officer.</li> <li>• Request survey link from Program Development Officer for distribution to internal audit staff and clients selected. Send survey to Internal Audit Director.</li> <li>• Request summary of responses received from Program Development Officer and summarize the survey results.</li> <li>• Disseminate survey result summary to team members.</li> </ul>
Team Members	<ul style="list-style-type: none"> <li>• Assist with the development of Internal Audit Director, internal audit staff, and client surveys.</li> <li>• Review survey result summary.</li> </ul>
Program Development Officer	<ul style="list-style-type: none"> <li>• Update surveys as requested by Team Lead.</li> <li>• Establish link for surveys when requested by Team Lead and mark as opened noting the specific QAR in the title.</li> <li>• Distribute survey result summary to Team Lead upon request.</li> </ul>

**J. On-Site Preparation**

The peer review plan should be finalized within two weeks of the on-site visit. This includes identifying individuals for interviews, scheduling interviews and selecting a sample of engagements for review. The Peer Review Team coordinates on-site work with the Internal Audit Director including contacts with State agency management and board members. The Team Lead is responsible for assigning the Team Members' activities prior to arriving on-site. In addition, the Team Lead prepares and/or copies necessary paperwork for the site visit.

Owner	On-Site Preparation Responsibilities
Internal Audit Director	<ul style="list-style-type: none"> <li>• Prepare for the Peer Review Team's arrival.</li> <li>• If necessary, assist with scheduling interviews.</li> <li>• Pull engagement workpapers for review.</li> </ul>
Team Lead	<ul style="list-style-type: none"> <li>• Identify individuals for interviews.</li> <li>• Contact State agency individuals to schedule interviews.</li> <li>• Select a sample of engagements to review.</li> <li>• Notify Internal Audit Director of selected engagement under review.</li> <li>• Finalize necessary paperwork for on-site work.</li> <li>• Assign Team Members with interview and engagements.</li> </ul>
Team Members	<ul style="list-style-type: none"> <li>• Assist Team Lead with scheduling interviews.</li> <li>• Assist Team Lead with finalizing on-site documents.</li> </ul>

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	• Review documents and questionnaires to be used on-site.
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**K. On-Site Work**

The on-site work is the most comprehensive part of the peer review. The work is usually conducted for a period of one week, depending on the scope of the work, and involves the review of the internal audit function including:

1. Audits and consulting engagements.
2. Reports and supporting documentation.
3. Administrative and operating policies, procedures, and records.
4. Staffing knowledge and skills.
5. Risk assessment.
6. Controls monitoring.
7. Interaction with governance participants.
8. Best practices.
9. Other evidence of continuous improvement.

During the on-site work, the Internal Audit Director assists the Peer Review Team in a timely manner throughout the process. This includes actions such as assisting with any rescheduling of interviews; providing the team with requested workpapers; providing the team with requested documents; and scheduling entrance (the preliminary meeting may replace the entrance conference if agreed upon by the Peer Review Team and Internal Audit Director) and exit conferences.

The Peer Review Team performs work in a timely manner throughout the on-site process and completes work promptly in accordance with agreed upon schedules. In addition, the Peer Review Team Lead maintains open communication with the Internal Audit Director during the peer review regarding project status and results.

The Peer Review Team performs on-site work, including review of administrative policies and procedures, consideration of enterprise risk, governance and audit risk assessment in audit planning, workpaper and report reviews for selected audits and consulting projects, review of the number and skills of staff and their continuing professional education, and evaluation of the capabilities and adequacy of audit coverage in information technology areas.

**The Peer Review Team must select engagements conducted by contracted staff via the State’s term contract 961A-Internal Audit Supplemental Staffing for review.**

During the on-site work, all members involved in the review complete the following process:

1. Hold an entrance conference with the Internal Audit Director, Internal Audit Staff, if the Internal Audit Director deems necessary, and Peer Review Team Members to discuss the on-site process.

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2. The Review Team conducts interviews with the following. Sample interview questions are located on the OIA’s website under QAR Assessment Map but should be reviewed and modified as appropriate.
  - a. A sample of Board members, preferably including the Chair and an Audit Committee representative (QAR Assessment Map – C1).
  - b. Executive Management (QAR Assessment Map – C2).
  - c. A sample of agency managers who received audits or consulting engagements during the time period begin reviewed (QAR Assessment Map - C3).
  - d. Director of Internal Audit (QAR Assessment Map – C5), the Team lead will determine if this interview is necessary since the preliminary meeting, entrance conference and survey information may suffice.
  - e. Internal Audit staff (QAR Assessment Map – C6).
  - f. External auditors, if relevant and cost-effective (QAR Assessment Map – C7).
3. Document the individual interview results then summarize all of the interview results using the Summary Form for Interview Results located in QAR Assessment Map – C8.
4. The Peer Review Team evaluates the internal audit function using the following forms located on the OIA’s website:
  - a. Governance Section (QAR Assessment Map – D1).
  - b. Staff Section (QAR Assessment Map – D2).
  - c. Management Section (QAR Assessment Map – D3).
  - d. Process Section (QAR Assessment Map – D4).
  - e. Information Technology Section (QAR Assessment Map – D5).
  - f. Workpaper Review Evaluation Tool (QAR Assessment Map – D6). The workpaper Review Summary Tool (QAR Assessment Map – D7) may be used to summarize results. This is an optional tool.

As team members complete the on-site work, any observations and issues realized through the peer review process are recorded in each individual program spreadsheet (see D1-D4). If additional documentation is necessary, the Observations and Issues Worksheet located on the OIA’s website under QAR Assessment Map - E1 is an optional tool.

<b>Owner</b>	<b>On-Site Work Responsibilities</b>
Internal Audit Director	<ul style="list-style-type: none"> <li>● Assist the Peer Review Team in a timely manner throughout the fieldwork process. This includes actions such as providing office space for the team members; rescheduling interviews, if necessary; providing the team with requested workpapers; providing the team with requested documents; and scheduling entrance and exit conferences.</li> </ul>
Team Lead	<ul style="list-style-type: none"> <li>● Plan and conduct on-site work.</li> <li>● Coordinate interviews with the Internal Audit Director’s assistance.</li> <li>● Provide guidance to team members as necessary.</li> </ul>
Team Members	<ul style="list-style-type: none"> <li>● Conduct on-site work as directed by the Team Lead.</li> </ul>

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**L. Evaluation and Closing Conference**

Each member of the Peer Review Team completes the Standard Conformance Evaluation PART IV-Master Framework (located on the OIA’s website under QAR Assessment Map – E2) to evaluate conformance with each Standard. The Team Lead should review all Standard Conformance Evaluation PART IV-Master Framework forms completed by each Team Member and consolidate the evaluations in to the Standard Conformance Evaluation PART III-Summary document located on the OIA’s website under QAR Assessment Map – E2. This document should be provided to the Internal Audit Director during the closing conference.

The Peer Review Team meets near the end of the on-site work to provide a summary of issues and recommendations and to hold a closing conference with the Internal Audit Director and/or other requesters of the peer review. The purpose of the closing conference is to:

1. Share the findings and recommendations with the Internal Audit Director.
2. Obtain any feedback to the recommendations.
3. Provide a copy of the Standard Conformance Evaluation PART III-Summary.

Electronic workpaper copies can be provided to the Internal Audit Director if requested.

<b>Owner</b>	<b>Evaluation and Providing Issues and Recommendations Responsibilities</b>
Internal Audit Director	<ul style="list-style-type: none"> <li>• Coordinate the necessary people to attend a closing conference with the Peer Review Team.</li> </ul>
Team Lead	<ul style="list-style-type: none"> <li>• Gather Team Members to discuss overall results and issues and recommendations gathered during the on-site work.</li> <li>• Determine final overall ratings based on all the peer review the work conducted.</li> <li>• Summarize the issues and recommendations for the closing conference.</li> <li>• Conduct closing conference.</li> </ul>
Team Members	<ul style="list-style-type: none"> <li>• Provide input to the team lead for issues and recommendations.</li> <li>• Attend the closing conference.</li> </ul>

**M. Drafting the Report**

Following completion of the on-site work and closing conference, the Team Lead drafts a final report which will be provided to the Internal Audit Director within two weeks. A sample report is located on the OIA’s website under the QAR Assessment Map (E4). The report should contain the following:

1. Compliance with the *Standards*, Code of Ethics, Definition of Internal Auditing and the Internal Audit Act.
2. Adequacy of the internal audit function’s charter, goals, objectives, policies, and procedures.
3. Contribution to the State agency’s risk management, governance, and control processes.
4. Compliance with applicable laws, regulations, and government or industry standards.

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5. Effectiveness of continuous improvement activities and adoption of best practices
6. Whether the auditing activity adds value and improves the State agency's operations.

The Internal Audit Director prepares written comments and forwards to the Team Lead within two weeks of the draft report issue date. The Team Lead then incorporates the Internal Audit Director's comments into the report, obtains signature(s) of the Team member(s), and issues a final report to the Internal Audit Director no later than four weeks from the last day of on-site fieldwork/closing conference. The Team Lead must send the original peer review workpapers and final report to the OIA within one week of providing the final report to the Internal Audit Director.

Following submission of the final report, the Internal Audit Director communicates the results of the review, the recommendations, and the necessary action plan to senior management, as appropriate, and to the governing board. The communication must include an opinion on the internal audit function's compliance with the Standards and Internal Audit Act, based on a structured rating process.

<b>Owner</b>	<b>Drafting the Report Responsibilities</b>
Internal Audit Director	<ul style="list-style-type: none"> <li>• Provide written comments to the Team Lead within two weeks of receiving the draft report.</li> <li>• Communicate the results of the review, the recommendations, and the necessary action plan to senior management, as appropriate, and to the board. Include an opinion on the internal audit activity's compliance with the Standards.</li> </ul>
Team Lead	<ul style="list-style-type: none"> <li>• Send a draft report to the Internal Audit Director within two weeks of the closing conference.</li> <li>• Incorporate the written response into the report, obtain signatures of the Team members, and issue the final report.</li> <li>• Submit final report and original workpapers to OIA.</li> </ul>
Team Members	<ul style="list-style-type: none"> <li>• Provide input to the Team Lead as requested.</li> <li>• Sign the final report.</li> </ul>

**N. Quality Assurance Review**

The Team Lead should submit the workpapers and the draft report to the OIA Director, or designee no later the one week after the draft report is provided to the Internal Audit Director. The OIA Director is responsible for reviewing all of the peer review workpapers for completeness and reasonableness. OIA will ensure all steps have been completed by the Peer Review Team and recommendations/conclusion are reasonable and supported by the work performed for the internal audit function. This assurance review will be completed within five business days of receipt of the workpapers. The OIA Director will provide an electronic copy of the Quality Assurance document to the Team Lead which must be included in the workpapers. See QAR Assessment Map (E3) on the OIA's website for a copy of this document.

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Owner	Evaluation and Providing Issues and Recommendations Responsibilities
Team Lead	<ul style="list-style-type: none"> <li>• Submit the workpapers to the OIA Director within required timeframe.</li> <li>• Include quality assurance document in workpapers.</li> </ul>
OIA	<ul style="list-style-type: none"> <li>• Review workpapers for completeness.</li> <li>• Ensure recommendations are reasonable.</li> <li>• Complete quality assurance review document and provide it to the Team Lead.</li> <li>• Return workpapers to Team Lead upon completion of review.</li> </ul>

**O. Closing Items**

To close out the peer review process, complete the following steps:

1. *Complete the Peer Review Survey:* All Team Members and the internal audit staff participating in the peer review process should complete the Peer Review Survey (E5). You must request a link for the survey from the Program Development Officer. An example of the Peer Review Survey is located on the OIA's website under QAR Assessment Map (E5). The Internal Audit Director should also request a link from the Program Development Officer for Client Satisfaction Survey - see QAR Assessment Map (E6) on OIA's website.
2. *Send thank you letters:* The Internal Audit Director sends a thank-you letter to the Team Lead and Team Member(s) thanking them for volunteering their time, and copy the Executive Director/Board, as appropriate.
3. *Workpapers:* The Team Lead submits all workpapers and the final report to the OIA office within one week of issuing the final report. The OIA retains the peer review workpapers after the final report has been issued, in accordance with the Records Retention Policies and Procedures. The OIA maintains the workpapers for future peer reviews and consistency.

Owner	Closing Items Responsibilities
Internal Audit Director	<ul style="list-style-type: none"> <li>• Complete the Peer Review Survey.</li> <li>• Complete Client Satisfaction Survey.</li> <li>• Send thank you letters.</li> </ul>
Team Lead	<ul style="list-style-type: none"> <li>• Complete the Peer Review Survey.</li> <li>• Submit all workpapers and final report to the OIA office.</li> </ul>
Team Members	<ul style="list-style-type: none"> <li>• Complete the Peer Review Survey.</li> </ul>
OIA	<ul style="list-style-type: none"> <li>• Gather the surveys and summarize results.</li> <li>• Retain workpapers and a copy of the final report.</li> </ul>

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**APPENDIX A**

Table A1 identifies the timing of activities to be conducted by the Peer Review Team.

<b>Table A1 – Timing of Activities for Peer Review Team</b>		
<b>Complete Planning and Surveys</b> <i>Prior to onsite work</i>	<b>Conduct Interviews and Document Review</b> <i>During onsite work</i>	<b>Report Draft and Review</b> <i>After onsite work</i>
<ul style="list-style-type: none"> <li>• Review Planning Questionnaire</li> <li>• Develop review work program</li> <li>• Develop and conduct surveys:               <ul style="list-style-type: none"> <li>• Sample of management who have been “clients” of the IA activity during the timeline within scope of the review</li> <li>• Internal Audit Staff</li> <li>• Internal Audit Director</li> <li>• Summarize results</li> </ul> </li> <li>• Select engagements for review</li> <li>• Develop Interview Questionnaires</li> <li>• Schedule interviews</li> <li>• Finalize peer review plan</li> <li>• If possible start completing other required Tools</li> </ul>	<ul style="list-style-type: none"> <li>• Review engagement documents</li> <li>• Conduct interviews:               <ul style="list-style-type: none"> <li>• Board/Audit Committee Member (if applicable)</li> <li>• Internal Audit Director’s boss</li> <li>• Senior management</li> <li>• CIO</li> <li>• Management (follow-up from questionnaire responses)</li> <li>• Internal Audit Director (follow-up from questionnaire responses)</li> <li>• Internal Audit Staff (follow-up from questionnaire responses)</li> <li>• External Auditor</li> <li>• Summarize interview results</li> </ul> </li> <li>• Complete other required Tools</li> <li>• Evaluate overall compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Draft report</li> <li>• Provide workpapers and draft report to OIA for quality assurance review.</li> <li>• Respond to OIA quality review (if necessary)</li> <li>• Incorporate response from the Internal Audit Director into draft report</li> <li>• Finalize report and provide to appropriate individuals</li> <li>• Submit workpapers and copy of final report to OIA</li> <li>• Complete Peer Review Program and Client Satisfaction Surveys</li> <li>• Use Peer Review Program and Client Satisfaction Surveys result for improving the Peer Review Process</li> </ul>

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Table A2 outlines the peer review steps, timeframe, forms and each entities responsibility throughout the process.

<b>Table A2 – Outline of Peer Review Process</b>					
<b>Peer Review Step</b>	<b>Timeframe</b>	<b>Forms</b>	<b>Responsibility</b>		
			<b>Agency Internal Audit Function</b>	<b>Peer Review Team</b>	<b>OSBM Office of Internal Audit (OIA)</b>
A. Peer Review Preparation Self-Assessment	1 to 2 years prior to the need of a QAR, (optional)	Peer Review Guidelines  A8: Self-Assessment Checklist	The internal audit function conducts the self-assessment. This will help identify gaps and implement changes.		
B. Planning Tool Questionnaire	Lengthy process can take 3 months to complete. Must be completed by time of request.	A6: Planning Questionnaire	Informs management of the upcoming review, including participation requirements and steps  Internal audit function completes the Planning Questionnaire at the time of the request.		
C. Requesting a Review	3 months (12 weeks) prior for the need of a review	A2: Peer Review Request form  A6: Planning Tool Questionnaire	The internal audit function completes the formal request form for a peer review and submits it to OIA.  Retains A6 documents  Makes final selection from list provided by OIA.		OIA reviews, prioritizes, schedules peer review requests.  Suggest team members for review.  Contacts individuals selected as members of the review team.

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**Table A2 – Outline of Peer Review Process**

Peer Review Step	Timeframe	Forms	Responsibility		
			Agency Internal Audit Function	Peer Review Team	OSBM Office of Internal Audit (OIA)
D. Independence Statement	Eleven weeks prior to on-site visit.	A4: Statement of Independence	IA Director contacts Team Lead once independence statements are signed and provided to OIA.	Team Lead and Team Members complete statements and submit to OIA. Team Lead and Team members review QAR manual.	Receives signed independence statements and notified IA Director to contact Team Lead
E. Memorandum of Understanding (MOU)	Ten weeks prior to on-site visit	A3: Memorandum of Understanding	Prepares draft agreement and coordinates with Peer Review Team Lead to execute.  Provide A6 Planning Questionnaire to Team Lead.	Team Lead works with internal audit function being reviewed to complete MOU.  Team Lead receive Planning Questionnaire  The Peer Review Team reviews the information and corresponding documentation and prepares for the site visit.	Signs the MOU and provides copy to all parties.
F. Preliminary Meeting	Eight weeks prior to on-site visit		Coordinates the Peer Review Team schedules for the Preliminary Meeting.	Initiates scheduling the preliminary meeting with the Peer Review Team Lead via conference call.	
G. Travel Arrangements			Makes arrangements and coordinates with Team Members.	Provides necessary information to internal audit function as needed.	
H. Peer Review Plan	Seven weeks prior to on-site visit	A7: Peer Review Program Checklist		Start developing the peer review plan  Schedule interviews	

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I. Survey Questionnaires	Six weeks prior to on-site visit (Three week process)	B1: IA Director Survey B2a: Client E-Mail B2b: Client Survey B3a: IA Staff E-Mail B3b: IA Staff Survey B4: Survey Response Results Summary	Provides names and contact information of clients. Assist with follow-up of surveys not submitted timely.	With the exception of B1 – IA Director Survey, request link from Program Development Officer (PDO) and send to appropriate individuals with the State agency via e-mail. Request results summary from PDO when survey closes.	Create link for surveys via Adobe Forms Central. Send summary of results to Team Leader.
J. On-Site Preparation	Two weeks prior to on-site visit		Assist with interview scheduling.	Finalize work program, assignments, and on-site work.	

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			<b>Agency Internal Audit Function</b>	<b>Peer Review Team</b>	<b>OSBM Office of Internal Audit (OIA)</b>
K. On-Site Work	This should take approximately one week	<u>C1-C8 Questionnaire:</u> - C1: Board member - C2: Executive Management - C3: Management - C4: CIO - C5: IA Director - C6: IA Staff - C7: External Auditor  C8: Interview Summary  <u>Testing Tools:</u> - D1: Governance - D2: Staff - D3: Management - D4: Process - D5: Information Technology - D6: Workpaper Review - D7: Workpaper Summary	Works with the Peer Review Team to provide necessary information and respond to requests.	Conducts on-site work including interviewing personnel, reviewing internal audit engagements, and identifying issues and recommendations.	
L. Evaluation and Closing Conference	Last day of on-site visit	E1: Observation & Issues (optional) E2: Conformance with Standards Evaluation Summary	Coordinate the necessary people to attend a closing conference with the Peer Review Team.	Summarize the issues and recommendations and hold a closing conference.	
M. Drafting the	• Two weeks to	E4: Draft Report	Provide written	Draft report within 10 days	

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Report	draft report after on-site visit. <ul style="list-style-type: none"> <li>• Two weeks to provide written responses after receiving draft.</li> <li>• One day to incorporate responses into final report (four week process)</li> </ul>		comments to the Team Lead within two weeks of receiving the draft report; communicate the results of the review.	of closing conference and finalize the written report within 30 days from the last day of the on-site work.	
N. Quality Assurance Review	Three weeks after on-site visit (One week process)	E3: Quality Assurance Review		Submit workpapers to OIA either 5 days after draft report or 15 days after on-site visit	Review peer review workpapers within 5 days.
O. Closing Items	<ul style="list-style-type: none"> <li>• One week to respond to survey</li> <li>• One week to submit all workpapers and final report</li> </ul>	E5: Client Satisfaction Survey E6: Peer Review Survey To be completed through Adobe Forms Central (see Program Development Officer)  All workpapers and final report	Request links from the Program Development Officer for the Client Satisfaction and Peer Review Survey and send thank you notes, as appropriate.	Complete the Peer Review Program Survey.  Submit all workpapers and final report.	Document the survey findings and make changes to the review process if necessary. File final report and supporting workpapers.

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