



Internal Audit Quality Assurance Review (QAR)

Presented to: Audit, Safety Compliance and Real Estate
Committee

October 27, 2021



What is a QAR?

- An external assessment of internal auditing's conformance to the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing
- The objective is to evaluate an internal audit activity's conformance with written standards and the Code of Ethics

What is a QAR?

- Focus is on identifying opportunities to enhance internal audit processes for continuous improvement
- Should be conducted at least once every five years
- Offer suggestions to improve effectiveness of the internal audit activity
- Promote ideas to enhance credibility
- Offer operational and strategic comments and recommendations

QAR Process

- Detailed review of internal audit documents and materials
- Detailed review of audit files and activities
- Interview all Internal Audit staff, key stakeholders and other interested parties, as appropriate
- Detailed assessment and mapping to standards, guidance and industry benchmarks

QAR Process

- Discuss draft results and receive feedback
- Draft evaluation of conformance to IA standards
- Issue final reports including recommendations
- Present final results to key stakeholders, as appropriate

Who is Qualified to Conduct a QAR?

- Independent qualified professional assessor or team from outside the organization to alleviate any appearance of conflict of interest
- Must demonstrate competence in professional practice of internal auditing and the external assessment process
- No matter who conducts the QAR, the same standardized process is followed

Who is Qualified to Conduct a QAR?

APTA Peer Review:

- Committee of Audit Professionals
- Review team to include Subject Matter Experts from within the transit industry
- Review team lead by Elizabeth Sullivan, VP, Chief Risk and Audit Officer at WMATA, Chair of APTA Committee of Audit Professionals and member of IIA's standard board
- Peer Review panel members sign Non Disclosure Agreements

Who is Qualified to Conduct a QAR?

APTA Peer Review continued:

- Conducted on site or virtual via TEAMS or Zoom
- On site:
 - Team of 3 to 5 members on site for one week
 - Includes initial briefing, interviews with selected staff, possible tours, comprehensive review of internal audit assessment, report out to BOT, CEO and selected staff
 - Final draft report issued 30 to 60 days

Who is Qualified to Conduct a QAR?

APTA Peer Review continued:

- Virtual:
 - Team of 3 to 5 members conduct similar process as on site but for approximately 6 weeks
 - Interviews and meetings conducted 2 to 3 hrs/day, 2 to 3 days/week

Who is Qualified to Conduct a QAR?

APTA Peer Review continued:

- Initiated through peer request letter from CEO to APTA
- Agenda and fee to be agreed upon
- Engagement letter executed

Who is Qualified to Conduct a QAR?

Institute of Internal Auditors, NEO Chapter

- Three highly qualified local firms contacted, including small, midsize and large
- Follow same QAR process
- Timeframe for completion varies from 2 to 7 weeks
- Hybrid of both on site and virtual interviews and meetings
- Agenda and fee schedule to be agreed upon
- Execution of agreement which includes confidentiality clauses

Costs to Conduct a QAR

- Total cost will depend on size of firm selected
- Lowest range is estimated at \$20,000
- Travel and expenses to be negotiated, if applicable

Questions?

