

April 15, 2010

Mr. Greg Schollum
Assistant Auditor General
Accounting and Auditing Policy
Office of the Auditor General
New Zealand

Re: INTOSAI Exposure Draft ISSAI 40 – Quality Control for SAIs

Dear Mr. Schollum:

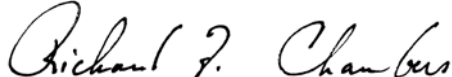
The Institute of Internal Auditors (The IIA) welcomes the opportunity to respond to the above noted ISSAI exposure draft. Our comments are based on thorough analysis and discussion, utilizing a core team of audit experts who serve on The IIA's Professional Issues Committee, Committee on Quality and the Internal Audit Standards Board. These individuals consist of Chartered Accountants and Certified Internal Auditors who work for SAIs, public sector organizations, public accounting firms, and large multi-national corporations.

SAIs play an important role in helping elected bodies hold governments accountable for the stewardship of public funds. The IIA supports the work of INTOSAI in developing a framework which SAIs can use to establish and maintain an appropriate quality control system. Our principal comments and observations follow. Detailed comments are found in Attachment A.

- The quality control framework, to be consistent with the standards of most professional accounting/auditing bodies, should include a requirement for peer reviews to be conducted at least once every five years.
- The exposure draft provides interpretations, in an SAI context, of key principles of IFAC's Standard on Quality Control. In our view, INTOSAI's quality control requirements would be more effectively communicated by a clear articulation of the standards which SAIs are expected to adhere to, rather than a restatement of IFAC requirements coupled with a "Key Principles" in the SAI context.
- The guidance should include a requirement for the development and use of performance metrics by SAIs.

Thank you for considering The IIA's comments. Should you desire to explore these recommendations further, please do not hesitate to contact me.

Best Regards,



Richard F. Chambers, CIA, CGAP, CCSA
President and Chief Executive Officer

About The Institute of Internal Auditors

The IIA is the global voice, acknowledged leader, principal educator, and recognized authority of the internal audit profession and maintains the *International Standards for the Professional Practice of Internal Auditing*. These principles-based standards are recognized globally and are available in 32 languages. The IIA represents more than 170,000 members across the globe and has 103 institutes in 165 countries that serve members at the local level.