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Criterion 2 Documents

Eastern Illinois University

Year 2014

Fiscal Control and Internal Auditing Act

Illinois General Assembly

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FINANCE

(30 ILCS 10/) Fiscal Control and Internal Auditing Act.

(30 ILCS 10/Art. 1 heading)

ARTICLE 1. GENERAL PROVISIONS.

(30 ILCS 10/1001) (from Ch. 15, par. 1001)

Sec. 1001. Short title. This Act may be cited as the Fiscal Control and Internal Auditing Act.

(Source: P.A. 86-936.)

(30 ILCS 10/1002) (from Ch. 15, par. 1002)

Sec. 1002. Public policy. It is the policy of this State that the chief executive officer of every State agency is responsible for effectively and efficiently managing the agency and establishing and maintaining an effective system of internal control.

(Source: P.A. 86-936.)

(30 ILCS 10/1003) (from Ch. 15, par. 1003)

Sec. 1003. Definitions.

(a) "Designated State agencies" include the offices of the Secretary of State, the State Comptroller, the State Treasurer, and the Attorney General, the State Board of Education, the State colleges and universities, the Illinois Toll Highway Authority, the Illinois Housing Development Authority, the public retirement systems, the Illinois Student Assistance Commission, the Illinois Finance Authority, the Environmental Protection Agency, the Capital Development Board, the Department of Military Affairs, the State Fire Marshal, and each Department of State government created in Article 5, Section 5-15 of the Civil Administrative Code of Illinois.

(b) "State agency" means that term as defined in the Illinois State Auditing Act, as now or hereafter amended, except the judicial branch which shall be covered by subsection (c) of Section 2001 and Section 3004 of this Act.

(c) "Chief executive officer" includes, respectively, the Secretary of State, the State Comptroller, the State Treasurer, the Attorney General, the State Superintendent of Education, such chief executive officers as are designated by the governing board of each State college and university, the executive director of the Illinois Toll Highway Authority, and the executive director of the Illinois Housing Development Authority, as well as the chief executive officer of each designated other State agency.

(Source: P.A. 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793 for the effective date of changes made by P.A. 96-795).)

(30 ILCS 10/Art. 2 heading)

ARTICLE 2. INTERNAL AUDITING.

(30 ILCS 10/2001) (from Ch. 15, par. 2001)

Sec. 2001. Program of internal auditing.

(a) Each designated State agency as defined in Section 1003(a) shall maintain a full-time program of internal auditing. In the event that a designated State agency is merged, abolished, reorganized, or renamed, the successor State agency shall also be a designated State agency.

(a-5) Within 30 days after the effective date of this amendatory Act of the 96th General Assembly, each chief internal auditor transferred under Executive Order 2003-10 to the Department of Central Management Services shall be transferred to the auditor's designated State agency, and if an auditor does not have a designated State agency or has more than one designated State agency, then the chief executive officer of a State agency shall appoint such person as the chief internal auditor of a State agency. A chief internal auditor transferred under this amendatory Act of the 96th General Assembly shall be appointed to a 5-year term beginning on the effective date of this amendatory Act of the 96th General Assembly.

The rights of employees and of the State and its agencies under the Personnel Code and applicable collective bargaining agreements or under any pension retirement or annuity plan shall not be affected by this amendatory Act of the 96th General Assembly.

All books, records, papers, documents, property (real and personal), unexpended appropriations, and pending business pertaining to the functions transferred by this amendatory Act of the 96th General Assembly shall be delivered to the respective State agency pursuant to the direction of the chief executive officer of that State agency.

(b) The chief executive officer of a State agency is not relieved from the responsibility for maintaining an effective internal control system merely because that State agency is not designated and required to have a full-time program of internal auditing under this Act. Agencies which do not have full-time internal audit programs may have internal audits performed by the Department of Central Management Services.

(c) The Supreme Court will establish by its rulemaking authority or by administrative order a full-time program of internal auditing of State-funded activities of the judicial branch, which is consistent with the intent of this Article.

(Source: P.A. 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793 for the effective date of changes made by P.A. 96-795).)

(30 ILCS 10/2002) (from Ch. 15, par. 2002)

Sec. 2002. Qualifications of chief internal auditor.

(a) The chief executive officer of each designated State agency shall appoint a chief internal auditor with a bachelor's degree, who is either:

(1) a certified internal auditor by examination or a certified public accountant and who has at least 4 years of progressively responsible professional auditing experience; or

(2) an auditor with at least 5 years of progressively responsible professional auditing experience.

(b) The chief internal auditor shall report directly to the chief executive officer and shall have direct communications with the chief executive officer and the governing board, if applicable, in the exercise of auditing activities. All chief internal auditors and all full-time members of an internal audit staff shall be free of all operational duties.

(c) The chief internal auditor shall serve a 5-year term beginning on the date of the appointment. A chief internal auditor may be removed only for cause after a hearing before the Executive Ethics Commission concerning the removal. Any chief internal auditor who is appointed to replace a removed chief internal auditor may serve only until the expiration of the term of the removed chief internal auditor. The annual salary of a chief internal auditor cannot be diminished during the term of the chief internal auditor.

(Source: P.A. 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793 for the effective date of changes made by P.A. 96-795).)

(30 ILCS 10/2003) (from Ch. 15, par. 2003)

Sec. 2003. Internal auditing program requirements.

(a) The chief executive officer of each designated State agency shall ensure that the internal auditing program includes:

(1) A two-year plan, identifying audits scheduled for the pending fiscal year, approved by the chief executive officer before the beginning of the fiscal year. By September 30 of each year the chief internal auditor shall submit to the chief executive officer a written report detailing how the audit plan for that year was carried out, the significant findings, and the extent to which recommended changes were implemented.

(2) Audits of major systems of internal accounting and administrative control conducted on a periodic basis so that all major systems are reviewed at least once every 2 years. The audits must include testing of:

(A) the obligation, expenditure, receipt, and use of public funds of the State and of funds held in trust to determine whether those activities are in accordance with applicable laws and regulations; and

(B) grants received or made by the designated State agency to determine that the grants are monitored, administered, and accounted for in accordance with applicable laws and regulations.

(3) Reviews of the design of major new electronic data processing systems and major modifications of those systems before their installation to ensure the systems provide for adequate audit trails and accountability.

(4) Special audits of operations, procedures, programs, electronic data processing systems, and activities as directed by the chief executive officer or by the governing board, if applicable.

(b) 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.

(Source: P.A. 86-936.)

(30 ILCS 10/2004) (from Ch. 15, par. 2004)

Sec. 2004. Consultations by internal auditor. Each chief internal auditor may consult with the Auditor General, the Department of Central Management Services, the Commission on Government Forecasting and Accountability, the appropriations committees of the General Assembly, the Governor's Office of Management and Budget, or the Internal Audit Advisory Board on matters affecting the duties or responsibilities of the chief internal auditor under this Act.

(Source: P.A. 93-1067, eff. 1-15-05.)

(30 ILCS 10/2005) (from Ch. 15, par. 2005)

Sec. 2005. Internal Audit Advisory Board.

(a) An 11 member Internal Audit Advisory Board is created.

(b) The composition of the Board shall be as follows:

(1) the chief internal auditor of the Department of

Central Management Services;

(2) the chief internal auditor of the Office of the State Comptroller;

(3) the chief internal auditor of the Office of the Secretary of State;

(4) the chief internal auditor of the Office of the State Treasurer;

(5) the chief internal auditor of the Office of the Attorney General; and

(6) 6 chief internal auditors appointed by the Governor.

At least one of the members appointed by the Governor must be an employee of a State college or university or university governing board.

(c) The initial appointments by the Governor of the 6 chief internal auditors who shall be members of the Board shall be made before the next February 1 after the date this Act takes effect and shall be as follows: 2 appointments for three-year terms, 2 appointments for two-year terms, and 2 appointments for one-year terms. After the initial terms each member appointed by the Governor shall serve a three-year term.

(d) A vacancy shall exist whenever a member ceases to be employed in the position which qualified the member for appointment. Vacancies shall be filled in the same manner as the original appointment. Persons appointed to fill a vacancy shall serve the balance of the unexpired term.

(e) The Board shall select a chairman from its members, who shall serve for a one-year term as chairman. Board members shall receive no additional compensation for their services, but shall be reimbursed by their employing agency for expenses necessarily incurred in the performance of their duties as Board members.

(f) The Board shall be responsible for:

(1) promulgating a uniform set of professional standards and a code of ethics (based on the standards and ethics of the Institute of Internal Auditors, the General Accounting Office, and other professional standards as applicable) to which all State internal auditors must adhere;

(2) serving as a clearinghouse for the correlation of internal audit training needs and training designed to meet those needs; and

(3) coordinating peer review activities among the State's internal audit units.

(Source: P.A. 86-936.)

(30 ILCS 10/Art. 3 heading)

ARTICLE 3. FISCAL CONTROLS.

(30 ILCS 10/3001) (from Ch. 15, par. 3001)

Sec. 3001. Internal controls required. All State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that:

(1) resources are utilized efficiently, effectively, and in compliance with applicable law;

(2) obligations and costs are in compliance with applicable law;

(3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation;

(4) revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources; and

(5) funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

(Source: P.A. 86-936.)

(30 ILCS 10/3002) (from Ch. 15, par. 3002)

Sec. 3002. Certification guidelines for chief executive officers.

(a) By the next March 1 after the date this Act takes effect, the Comptroller, in consultation with the Director of Central Management Services, shall establish guidelines for:

(1) the evaluation by State agencies of their systems of internal fiscal and administrative controls to determine whether the systems comply with the requirements of Section 3001; and

(2) the certification by chief executive officers required by Section 3003.

(b) The guidelines must be approved by the Legislative Audit Commission and may be modified, as needed, with the Commission's approval.

(Source: P.A. 86-936.)

(30 ILCS 10/3003) (from Ch. 15, par. 3003)

Sec. 3003. Certification by chief executive officers.

(a) By May 1 of each year, each chief executive officer of all State agencies shall, on the basis of an evaluation conducted in accordance with guidelines established under Section 3002, prepare and transmit to the Auditor General a certification that:

(1) the systems of internal fiscal and administrative controls of the State agency fully comply with the requirements of this Act; or

(2) the systems of internal fiscal and administrative controls of the State agency do not fully comply with the requirements of this Act.

(b) If the systems do not fully comply with the requirements of this Act, the certification shall include a report describing any material weaknesses in the systems of internal fiscal and administrative controls and the plans and schedule for correcting the weaknesses, or a statement of the reasons why the weaknesses cannot be corrected.

(Source: P.A. 86-936.)

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Sec. 3004. The Supreme Court will establish by its rulemaking authority or by administrative order procedures to annually assess the adequacy of internal controls

under activities of the judicial branch, using procedures consistent with the Legislative Information System, 705 Stratton Building, Springfield, Illinois 62706

IS Article
217-782-3944 217-782-2050 (TTY)

(Source: P.A. 86-936.)



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