State of Illinois State Internal Audit Advisory Board (SIAAB)

SIAAB Update

October 25, 2023

2023 Illinois Government Auditing Conference

Co-Sponsored by the Springfield Chapter of the Institute of Internal Auditors (IIA)

State Internal Audit Advisory Board (SIAAB) At a Crossroad

- The *IPPF Evolution's <u>Global Standards Exposure Draft</u>* proposes the most significant changes to the *Auding Standards* in our careers.
- SIAAB issued an extensive 22-page comment letter in opposition to the proposed Global Standards Exposure Draft. Available on SIAAB's website.
 - Special thanks to Guidance Coordinator Steve Kirk for leading the efforts
- Unless substantially modified, the proposed *Global Standards* will be unworkable in the overwhelming majority of State of Illinois agencies.
 - Overuse of the word "must" (390 unconditional requirements)
 - Burdensome requirements pertaining to consulting / advisory services
 - Overly restrictive, prescriptive and inflexible
- The proposed *Global Standards* enacted 45 "must" statements applying unconditional requirements to the Audit Board. In most State of Illinois agencies, the Board would be the chief executive officer.
 - <u>FCIAA authorizes SIAAB</u> to adopt standards for State *internal auditors*. SIAAB does <u>not</u> have the authority to adopt rules for chief executive officers, nor can chief internal auditors enforce requirements on chief executive officers.

State Internal Audit Advisory Board (SIAAB) The Road Traveled

Following a 1988 Performance Audit by the Office of the Auditor General, the Fiscal Control and Internal Auditing Act (FCIAA) was enacted and granted SIAAB the authority to adopt rules and standards, promulgate guidance, coordinate peer reviews, and serve as a clearinghouse for training. (Available on SIAAB's website)
SIAAB has since always adopted the IIA's Auditing Standards in its entirety.
Effective July 1, 2010, the definition of a designated State agency was expanded to include all agencies created by the Civil Administrative Code.
Many designated State agencies, either too small to support a chief internal auditor, or larger agencies struggling to find one, turned to outsourcing.
An <u>opinion by the Office of the Illinois Attorney General</u> in 2019 concluded much of the outsourcing was not compliant with the FCIAA.
Existing challenges may be exacerbated by the proposed <i>Global Standards</i> .

State Internal Audit Advisory Board (SIAAB) The Road Ahead

SIAAB is committed to ensuring adopted rules and standards are appropriate and effective. Many options are on the table, none are certain.
SIAAB has generally been hesitant to propose updates to the FCIAA.
 Considering proposing updates to FCIAA and other statutes as appropriate: Clarify SIAAB's authority under FCIAA to partially adopt standards. Align FCIAA with appropriate standards (annual planning, IT vs EDP, etc.) Remove burdensome mandates to frequently audit low-risk areas Consider provisions to address small agencies, vacancies, reasonable outsourcing Promote a risk-based rather than prescriptive approach to optimize presence.
SIAAB's Mission: Elevate internal audit by establishing it as a resource that adds value, rather than by assigning overly burdensome mandates on management.
My Mission: As incoming chair in February 2024, the new Standards will be key to my term, and I ask for your feedback: Harold.Wagner@ilag.gov
Your Mission (More precisely, my plea): Please don't make me regret my mission. ©