

SIAAB
MEETING
MINUTES
FOR
1990

INTERNAL AUDIT ADVISORY BOARD
Springfield, Illinois
May 21, 1990

The current session of the Illinois General Assembly enacted House Bill 2031, otherwise known as the Fiscal Control and Internal Auditing Act, into law. In accordance with that Act, an Internal Audit Advisory Board was formed and conducted its first meeting on May 21, 1990 in the Stratton Office Building in Springfield. To comply with the Open Meetings Act, an announcement of the May 21st meeting was publicly posted 24 hours prior to the meeting date.

The meeting was called to order by William Winberg at 1:40 P.M. Mr. Winberg advised those present that the proceedings would be taped. Board members present were:

Edward W. Buckles, Office of the Treasurer
Janice N. Hamilton, Department of Employment Security
Bradley W. Hammond, Department of Conservation
Donald J. Hesse, Secretary of State
Ronald E. Omer, Office of the Comptroller
Sharon Stanford, Illinois State University
Donald P. Thannen, Department of Transportation
Richard O. Traver, University of Illinois
William B. Winberg, Dept. of Central Management Services
Benedict R. Zemaitis, Department of Revenue

Absent:

James S. Reid, Office of the Attorney General

The first item discussed was that of organizational structure which led to a discussion of the election of officers. Each of the ten board members voted for a Chairperson and elected William Winberg. Mr. Hammond then motioned that a Vice-Chairperson be elected. Mr. Zemaitis was then elected Vice-Chairperson by acclamation. The length of these terms are determined by statute.

The Board also unanimously approved a policy of holding monthly meetings, on the second Tuesday of each month at 9:30 A.M., such meetings to be held under the direction of the Chairperson. Until a new Chairperson is elected, the meeting location will be Room 704, Stratton Office Building, Executive Conference Room, Springfield, Illinois, effective with the June 12, 1990 meeting.

Other administrative matters unanimously adopted were:

- 1) Roberts Rules of Order shall be followed in conducting meetings;
- 2) a meeting shall be considered a meeting if a quorum (six members) is present. In such a case, approvals could be made by a simple majority of those in attendance;
- 3) if a quorum is not present, the presiding Chairperson may reconvene the meeting after 30 minutes from the appointed time, in order to conduct regular business.

Matters discussed by the Board:

- 1) Internal Auditor Trainee classification. Bill Lipsmire of Central Management Services, Bureau of Personnel, outlined the introduction of a new internal auditor trainee classification series.

While not to be considered as a specific choice of the Board, there was a feeling of general concurrence to the series. Mr. Lipsmire also advised the Board that they would receive individual copies of the series. This would be done to provide Board members an opportunity to comment on behalf of their respective organizations as to testing and GCT guidelines.

- 2) Auditing Standards. The next order of business was the subject of adopting and promulgating a uniform set of auditing professional standards. There was a general consensus that a well thought out approach was needed. A thorough introductory discussion was conducted covering the three national auditing standards:

AICPA
GAO
IIA

While there was some variance of opinion by those represented, it was generally agreed that there would be no necessity to write a totally new set of standards strictly for the State of Illinois. It was then agreed that each Board member should define their philosophies of audit standards needed, and make their presentation at the next meeting.

Members should also be able to show the relationship between the standards proposed and the auditing needs of their respective organizations. Members were also asked to consider if only one of the three standards should be adopted, or if it would be more feasible to enhance one set of standards by incorporating portions of the other standards where weaknesses were thought to exist.

The Board also decided to consider standards for having agreements for staffing non-certified auditors.

- 3) Correlation of Internal Auditing Training Need. Each member was asked to bring to the next meeting an inventory of existing professional training materials available at their organization. This would include:

training tapes/courses from AICPA/IIA
training manuals
specific courses developed by their organization

- 4) Coordinating Peer Review. No decision was made for Peer Review until such time as the Board resolves the issue of auditing standards.

The meeting adjourned at 3:30 P.M.

MINUTES OF INTERNAL AUDIT ADVISORY BOARD MEETING
JUNE 12, AS REVISED 071190

The regularly scheduled meeting of the Internal Audit Advisory Board was held on June 12, 1990 in Room 704 of the Stratton Building in Springfield, IL. The meeting was called to order by the Chairperson, William B. Winberg at 9:34a.

The following members were in attendance: William B. Winberg of Central Management Services, Donald Thannen, Department of Transportation, Sharon Stanford, Illinois State University, Bradley W. Hammond, Department of Conservation, Benedict R. Zemaitis of Department of Revenue, Ron Omer of the Comptroller's Office, Mike Callahan representing the University of Illinois for Richard Traver, James S. Reid of the Attorney General's Office and Janice Hamilton, Department of Employment Security. Donald Hesse of the Secretary of State's Office and Ed Buckles of the Treasurer's Office were absent.

The Chairperson called the meeting to order and asked for comments on the minutes from the prior meeting. Zemaitis felt that there should be some clarification made of the training standards discussed and a clarification of the CMS Personnel Report presented by Bill Lipsmire. He (Zemaitis) commented on the testing and GTC guidelines as they might impact on his organization. After these points were discussed and clarified, a motion was made and seconded that the minutes be accepted and placed on file.

A discussion followed about making the approved minutes of IAAB Board Meetings available to Internal Audit Managers who were not members of the Board. Hammond felt that this would be a good idea and there was general feeling that such information would prove helpful to these people.

Next item was a discussion of training materials. Most of the members present said that they had some materials but had not sent them as was discussed in the last meeting. Lists of available training materials were furnished by The State Comptroller's Office, The University of Illinois and the Department of Central Management Services. Most of the members stated that they relied a great deal on internal agency manuals and guidelines. A listing however of those members that do have professional tapes and manuals will be distributed to the board.

The next issue involved audit standards to be adopted. i. e. IIA standards or GAO standards. Winberg felt that the standards should be such that all agencies could adopt them for their use. There was general agreement that approval of any set of audit standards should be postponed until the Board received input from non-member Internal Audit Managers. This meant a postponement until July or August.

At this point, Winberg was required to leave and turned the conduct of the meeting over to Vice-Chairperson Zemaitis

Don Thannen had no objections to adopting IIA standards as a main standard provided that it would allow the use of GAO standards whenever necessary. Omer favored open discussions with non-member IA managers. Hamilton felt that the Board was not yet ready to adopt a set of standards. Callahan said that the University of Illinois based their audit manual on IIA standards.

- stated that GAO standards required follow-up procedures.

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implemented. This follow-up procedure should be part of an audit plan for the new audit. He also stressed the need to address continuing professional education requirements with any standard adopted. He felt that this was important especially in connection with CIA training requirements.

Reid likes IIA standards if it is possible to plug in other standards Hammond expressed a preference for IIA. Stanford expressed a preference for IIA because of CPE benefits and ethics provision.

Zemaitis then polled the members to test the concerns about the continuing education provisions. Both Hammond and Thannen stated that there could be financial concerns. Some agencies allowed monies for this but some agencies have not made such an allowance. There was general concurrence that the continuing education issue should be management's responsibility and should not be left to individual efforts.

On the subject of training methods, Zemaitis has called a meeting of non-member audit managers. Hamilton asked that a special IAAB Board Meeting be held to discuss the material. Zemaitis did not think that such a meeting would be necessary. Hammond said that he probably could get the available material from Jim Donkin and make it available to IAAB for review and discussion at the next regularly scheduled meeting.

Omer asked Gila Bronner to give a briefing on training services that her group was to furnish in connection with the implementation of the Fiscal Control and Internal Auditing Act, particularly the time period. Bronner said that no set time for beginning the program had been determined. Although she wanted to begin as soon as possible, there were objections to beginning in the next few months because of lapse period activities and the fact that many employees would be on vacation. At present, she could only estimate a September 1 timeframe.

The training sessions would be in three parts, (1) Chief Executive Officer orientation, (2) training for Line Managers (3) training for Internal Auditors.

Stanfield advised Bronner that IIA had made a training video and would furnish a copy for her (Bronner's) use in her training program.

Stanfield questioned the certification time frame--she felt that it needed to be clarified--what is the cutoff date for certification? Zemaitis said that each agency would probably be required to set its own guidelines.

Hamilton said that her Director would probably be willing to speak at one of Bronner's seminars.

The meeting was adjourned at about 10:35a.

MINUTES OF INTERNAL AUDIT ADVISORY BOARD MEETING
JULY 10, 1990

MINUTES OF INTERNAL AUDIT ADVISORY BOARD MEETING
JULY 10, 1990

The regularly scheduled meeting of the Internal Audit Advisory Board was held on July 10, 1990 in Room 704 of the Stratton Building in Springfield, IL. The meeting was called to order by Chairperson William Winberg at 9:30a.

The following members were in attendance: William B. Winberg, Department of Central Management Services, Donald Thannen, Department of Transportation, Sharon Stanford, Illinois State University, Bradley W. Hammond, Department of Conservation, Benedict R. Zemaitis of Department of Revenue, Ron Omer of the State Comptroller's Office, Richard Traver from the University of Illinois, Ed Buckles of the State Treasurer's Office and John Cain representing the Secretary of State's Office. Don Bacon from Central Management Services, Internal Audits Division was present as an observer.

James S. Reid of the Attorney General's Office, Don Hesse of the Secretary of State's Office and Jan Hamilton of the Department of Employment Security were not present.

The first order of business was the discussion of the minutes from the previous meeting. Ron Omer requested that certain changes be made. The reference to providing the Board Meeting minutes to audit managers be changed to read "approved" copies only. On the subject of training materials, the University of Illinois, The Department of Central Management Services and the State Comptroller's Office should be acknowledged as having furnished training materials. References to Ron Omer's request that Gila Bronner give a briefing on upcoming training sessions be clarified by tying the training sessions to the certification process as required by the Fiscal Control and Internal Auditing Act.

After the members approved these changes, a motion was made and seconded that the minutes be accepted as amended.

Winberg reported on the meeting held with various internal audit managers which was called to discuss training standards to be adopted for all auditors in state government. The general feeling was that training standards for non-certified personnel should be the same as for certified personnel i. e. 100 hours of training every three years. The managers also favored adopting the training standards as set forth by the Institute of Internal Audits.

A general discussion of the auditing standards to be adopted followed. Zemaitis pointed out that any standards adopted would be considered minimum requirements and that additional efforts could be put forth. Omer put forth the suggestion that IAAB find out what other states had done in this regard. Zemaitis felt that it would unnecessarily delay the adoption process.

Hammond expressed concerns about whether or not an ethics standard would be covered by the adoption of auditing standards. Zemaitis and [unclear] assured him that ethic standards would be inherent within the

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standards would be included. Another issue brought up was whether or not the IIA standards should be adopted as is or if certain aspects should be clarified. Zemaitis saw no reason to clarify. Thannen said that the only clarification that he thought necessary was some language in the resolution that would permit the use of other standards in certain circumstances. Winberg suggested that if IIA standards were adopted that footnotes could be added to allow other standards to be used if necessary.

Chairperson then asked for action on the resolution to adopt IIA auditing standards. Zemaitis made a motion that IAAB adopt the IIS auditing standards and Stanford seconded the motion.

The next matter was a general discussion about the audit training certification standards to be adopted. Buckles pointed out that the FCIAA requires IAAB to "promulgate" such standards to the auditing community. The members generally agreed that this would have to be done in accordance with the guidelines set forth by the Joint Committee on Administrative Rules. Winberg stated that he would check with the CMS Legal Division for information on this requirement.

It was understood by all members that the training standards would be the same for non-certified personnel as for certified personnel i. e. 100 hours of continued professional training every three years.

Stanford then made a motion that, as minimum standards, the Board should adopt the certification standards prescribed by the Institute of Internal Auditors. Zemaitis seconded the motion.

Omer then reminded the Board of the need to establish an effective date for the training standards. Stanford then amended the original motion to make the training standards effective January 1, 1991. The motion was seconded by Zemaitis.

In the line of new business, came a brief discussion of a peer review of standards. Zemaitis suggested that the Board consider establishing a peer review pool which would consist of a group of reviewers for various agencies. Chairperson Winberg suggested that the subject be placed on the agenda for discussion at the next regular meeting.

The meeting was then adjourned at 10:35a.

MINUTES OF THE INTERNAL AUDIT ADVISORY BOARD
FOR MEETING HELD ON AUGUST 14, 1990

The meeting was called to order at 9:35 a.m. by Chairperson, William Winberg in Room 704 Stratton Building, Springfield, IL.

A Roll Call was taken and the following members were present:

William B. Winberg, Chairperson, Central Management Services
Bradley W. Hammond, Department of Conservation
Donald J. Hesse, Secretary of State
Ronald E. Omer, Office of the Comptroller
James S. Reid, Office of the Attorney General
Donald P. Thannen, Department of Transportation
Richard O. Traver, University of Illinois
Benedict R. Zemaitis, Vice-Chairperson, Department of Revenue

The following members were not present:

Edward W. Buckles, Office of the Treasurer
Sharon Stanford, Illinois State University

The following person was present as an observer:

Don Bacon, Central Management Services

Chairperson Winberg announced the resignation of Jan Hamilton from the Board. The Governor's Office is currently searching for a replacement for the vacancy.

The next order of business was the approval of the minutes from the July 10 meeting. Per a phone call, Member Sharon Stanford requested that a wording change in the paragraph regarding the acceptance of IIA auditing standards. She requested that the description of the standards be expanded to describe them as "standards for the professional practice of internal auditing."

Member Bradley Hammond requested that the portion of the minutes describing auditing standards be clarified to emphasize the intent to allow users of the Institute of Internal Auditors (IIA) standards to use other standards, i.e., AICPA or GAO standards where applicable or necessary.

Member Hammond also requested some clarification of the minutes regarding training standards. Vice-Chairperson Benjamin Zemaitis noted that IIA does not have training standards and has only continuing professional education requirements. After discussion, there was a consensus that the minutes specifically state that the Board had not adopted training standards, but rather had adopted only the guidelines. The Board also agreed to retain the previously adopted policy of requiring 100 hours of continuing professional education every three years for all internal auditors in state government.

After these changes were discussed and agreed to, motion was made and seconded that the minutes with the incorporated changes be approved.

In the line of new business was a discussion of continuing education guidelines. There was general agreement that IAAB was correct in adopting IIA guidelines, but there was also agreement that the guidelines could not be adopted verbatim. A motion was made and seconded that the CPE guidelines be clarified. The motion was then amended to include a deadline for clarification and accordingly, the amended motion called for members to study the guidelines and be prepared to discuss them at the next meeting.

Another item of new business was the discussion of the adequacy of the language contained in Section 3.20 of the IIA auditing standards that permits the use of other auditing standards where necessary. Chairperson Winberg was not comfortable with the present language and felt that a broader base of approach was needed to remove all doubts about the permitted use of other audit standards. He based his concerns on input from other internal auditing entities and cited a specific case involving the State of Florida who adopted the professional auditing standards of the IIA, but reinforced their adoption with the stipulation that they would also conduct audits in accordance with generally accepted governmental auditing standards.

After further discussion, it was decided to draw up a sample wording for a hybrid set of audit standards incorporating both IIA standards and any other generally accepted auditing standard. This was to be done in time for discussion at the next meeting.

Chairperson Winberg then introduced the subject of materiality for discussion. Member Dick Traver felt that internal auditors should proceed with the concept that a finding is a symptom that does not necessarily reflect the basic problem itself. Vice-Chairperson Zemaitis posed the question that if a compliance violation was considered to be a basis for an audit finding by the Auditor General, would it be likewise under the language of the Fiscal Control and Internal Auditing Act?

The Chairperson suggested and Member Traver agreed that the subject should be thrown open for discussion by the Internal Audit Managers.

Chairperson then adjourned the meeting at 10:50 a.m.

INTERNAL AUDIT ADVISORY BOARD
MINUTES OF SEPTEMBER 11, 1990 MEETING

The regular meeting of the Internal Audit Advisory Board was convened on September 11, 1990 at 9:30 A.M. in Room 704 , Stratton Building by Chairperson William B. Winberg.

Members present were:

William B. Winberg, Chairperson
Edward W. Buckles, Office of the Treasurer
Bradley W. Hammond, Department of Conservation
Donald J. Hesse, Secretary of State
Ronald E. Omer, Office of the Comptroller
Richard O. Traver, University of Illinois

Members not present were:

James S. Reid, Office of the Attorney General
Sharon Stanford, Illinois State University
Donald P. Thannen, Department of Transportation
Benedict R. Zemaitis, Department of Revenue, Vice-Chairperson

There is still one vacancy on the Board

There were sufficient members present to constitute a quorum.

Donald Bacon from The Department of Central Management Services was present as an observer.

Chairperson Winberg asked for comments on the minutes of the last meeting. Members requested that the name of the person making the motion and the name of the person seconding the motion to approve the minutes be stated in the minutes. Member Omer made a motion that the minutes from the previous meeting be accepted with the recommended changes. The motion was seconded by Member Hesse. The motion was unanimously carried.

Chairperson Winberg then polled the members present to see if they would be comfortable discussing business and voting with the low attendance of members. Member Hammond expressed some concerns but the remaining members felt that it would be proper to conduct business and to vote on issues since a quorum was present.

Under the first item of old business came a discussion of the Rules drafted and presented by Member Hammond. The question was posed if reviews would be subject to the same standards as audits. Member Traver said that an audit should state the standards that are followed. Member Buckles suggested that maybe reference to specific standards need not be stated in favor of a statement by the auditor as to what standards were actually used.

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A discussion of the Draft Rules, prepared by Member Hammond, continued with the Board covering the Code of Ethics, Continuing Professional Development, Qualifying Continuing Professional Development Activities, Recording Continuing Professional Development Activities and the Effective Date that the Rules would become effective.

Member Traver requested two changes in the section on Continuing Professional Development. The first change was in section VI, Part B. the last sentence "For university or college courses, each semester hour of credit shall equal 15 hours." This was to be deleted because the same provision was made in another section of the Rules. In Section VII. Recording Continuing Professional Development the sentence which read "The records maintained by Chief Internal Auditors shall include, as appropriate, the following information:..." is changed to read "The records maintained by Chief Internal Auditors for each internal auditor shall include, as appropriate, the following information..."

The Board then had a general discussion about the acceptability of various forms and type of Continuing Professional Development along with the matter of recording CPD activities. There was general agreement that a four year retention schedule for CPD records should be adopted.

Member Hammond made a motion and Member Buckles seconded to adopt the standards specified in the Rules for CPD with the corrections suggested by Member Traver and to adopt Section VIII, which sets forth January 1, 1991 as the effective date for the Rules and December 31, 1993 as a suggested deadline for fulfilling CPD requirements. The motion was carried unanimously.

Later Member Hammond amended the motion and Member Buckles seconded that the standards for CPD be adopted and that the effective date as stated in Section VIII be deleted as the effective date for CPD. The motion was carried unanimously.

A motion was then made by Member Hammond and seconded by Member Omer to accept the timeframes in Section VIII to apply to all sections of the Rules i.e. Standards, Ethics and Continuing Professional Development. The Motion was unanimously carried.

Another item of old business involved the Board vacancy. Member Buckles inquired about the status of filling the position. Chairperson Winberg said that Phil Gonet of the Governor's Office had not commented although several persons were being considered. Also, that an independent effort was being made by David Bedinger of State Police to obtain the appointment.

Chairperson Winberg commented briefly on some information on Peer Review which he received from the State of California and which would be sent to all Board Members for their study.

The motion was then made and seconded that the meeting be adjourned. The meeting was then adjourned at 11:20 A. M.

MINUTES FOR INTERNAL AUDIT ADVISORY BOARD
October 9, 1990
Revised November 16, 1990
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The regularly scheduled meeting of the Internal Audit Advisory Board (IAAB) was held on October 9, 1990 in Room 704 of the Stratton Building in Springfield, IL. Chairperson William B. Winberg called the meeting to order at 9:35a. The following members were present

William B. Winberg, Chairperson, Central Management Services
Bradley W. Hammond, Department of Conservation
Donald J. Hesse, Secretary of State
Ronald E. Omer, Office of the Comptroller
Richard O. Traver, University of Illinois
Sharon Stanford, Illinois State University
Donald P. Thannen, Department of Transportation
James S. Reid, Office of the Attorney General
Edward Buckles, Office of the Treasurer
Benedict R. Zemaitis, Vice Chairperson, Department of Revenue

There is one vacancy on the Board.

There were sufficient members present to constitute a quorum

A discussion of the minutes from the September meeting was the first order of business. Chairperson Winberg noted that because of a recorder malfunction, the September minutes did not show that a lengthy discussion was held regarding standards (Section III of the Draft Rules) as they pertained to report processing. The discussion centered around the criteria to be used to distinguish between a regular audit as opposed to some special report or presentation.

In other recommended changes, Member Hammond felt that a copy of the Rules adopted at the September meeting be made a part of the minutes. He also felt that the minutes should reflect the fact that the Rules adopted by IAAB were based on the ideas, philosophies and language contained in the Rules promulgated by the Institute of Internal Auditors.

Member Thannen made a motion that the minutes with the above additions and changes be adopted. Member Hammond seconded the motion.

The Chair then advised the Board that the motioning process would be enhanced to specify the person making and seconding all motions.

There then came a discussion on filing Standards with the Administrative Code Section of the Secretary of State's Office and the Joint Committee on Administrative Rules (JCAR). The Chair noted that Central Management Services' Legal Section were finding out the details. There was general concern expressed about using the Standards without the express consent of the publisher. Member Stanford said that there had been no prior trouble in obtaining permission. The publisher has always given permission upon request.

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Member Zemaitis discussed the basis used for audit reports. He wanted the Rules to include a method whereby the reader of an audit review or report would know what standards were not followed in its preparation.

The next agenda item was a lengthy discussion of peer review. Chairperson Winberg told the members that he had received the peer review program for the State of California and that he would be distributing copies to members.

Member Thannen then described the method currently in use at the Department of Transportation. Peer Review at that agency is being performed by members of a professional audit managers' association on a reciprocal basis. Members from one chapter of the association designate certain members to be a peer review team to review member organizations in other chapters in return for the same consideration. Member Stanford then asked Member Thannen about the frequency of such reviews. The reviews were done every three years which coincided with the time frame set forth in the Guidelines. Member Stanford then said that three was acceptable but that five would be a more likely average.

Member Zemaitis then offered a proposal to obtain the services of a professional colleague who was a public accountant with Price Waterhouse to act as a consultant to the Board for peer review. Member Stanford was opposed to the idea because she felt that a public accountant could not effectively counsel the Board in internal audit matters. (At the November 13, 1990 meeting, Member Omer requested that this paragraph be clarified to show that the professional services referred to would be voluntary and not performed under a paid professional contract.

The Board did generally agree that it should not restrict input about the subject and an exploratory approach should be followed. There was also concern about time constraints since the full Board only met once per month. Chairperson Winberg suggested that a subcommittee be formed to obtain information about peer review.

A discussion followed about the status of filling the Board vacancy. Chairperson Winberg reported that he had contacted Phil Gonet of the Governor's Office and that no action had been taken. Member Zemaitis suggested that the Chair write a letter to the Governor's Office to remind them of the vacancy.

The Chair then asked for a motion to adjourn. Member Thannen made the motion and Member Zemaitis seconded the motion and the meeting was adjourned at 10:31a.

MINUTES FOR INTERNAL AUDIT ADVISORY BOARD MEETING
NOVEMBER 13, 1990
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The regular meeting of the Internal Audit Advisory Board (IAAB) was convened on November 13, 1990 at 9:35a in Room 704, Stratton Building by Chairperson, William B. Winberg.

Members present were:

William B. Winberg, Chairperson
Ronald E. Omer, Office of the Comptroller
Richard O. Traver, University of Illinois
James S. Reid, Office of the Attorney General
Sharon Stanford, Illinois State University
Donald P. Thannen, Department of Transportation
Terry Radliff, State Employees Retirement System

Members not present were:

Bradley W. Hammond, Department of Conservation
Benjamin R. Zemaitis, Department of Revenue
Edward R. Buckles, Office of the Treasurer
Member representing the Secretary of State's Office

Don Bacon was present as an observer. Anita Eckert (sp) was also present as an observer for Member Hammond.

The Chair opened the meeting by recognizing and welcoming Terry Radliff as a new member appointed to fill the vacancy of former member Janice Hamilton.

As the first item of business, the chair asked for a discussion and approval of the minutes from the October 9, 1990 meeting. Member Omer requested that the paragraph which stated that Member Zemaitis could obtain the services of a professional colleague to advise the Board on internal auditing matters be clarified to show that such services would be on a voluntary basis and that they would not be performed as part of a paid professional contract. Member Omer made a motion that the minutes be accepted as corrected and Member Stanford seconded the motion.

A lengthy discussion of peer review followed which started off with a discussion of the Texas Internal Auditing Act which was furnished by Member Traver. Member Thannen restated some of the processes used by a national professional association to perform peer reviews of the Department of Transportation. After discussion the Board seemed to concur that although some standards call for peer review every three years, a period of every five years is more realistic.

The Chair then announced that subcommittees had been formed to study the peer review issue and that there should be more substantive information available at the next meeting.

There was also a brief discussion of work paper standards.

Member Stanford reported that the Institute of Internal Auditors has given approval for IAAB to use IIA standards and ethics as a basis for formulating its own (IAAB) standards and ethics.

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Also Member Stanford announced that the audit managers group had inquired about being informed about issues discussed at IAAB meetings. As a point of clarification, the Board agreed that it would not be necessary to advise this group of every item discussed but that the area should be restricted to major issues.

The Chair then entertained a motion to adjourn. Member Omer made the motion and Member Traver seconded and the meeting was adjourned at 10:25a.

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The regular meeting of the Internal Audit Advisory Board (IAAB) was convened on December 11, 1990 at 9:35a in Room 704, Stratton Building by Chairperson, William B. Winberg.

Members present were:

William B. Winberg, Chairperson
Ronald E. Omer, Office of the Comptroller
Edward W. Buckles, Office of the Treasurer
James S. Reid, Office of the Attorney General
Donald F. Thannen, Department of Transportation
Benedict R. Zemaitis, Department of Revenue, Vice Chairperson

Members not present were:

Bradley W. Hammond, Department of Conservation
Sharon Stanford, Illinois State University
Terry Radliff, State Employees Retirement System
Richard O. Traver, University of Illinois
Member representing the Secretary of State's Office

There was a quorum present

Don Bacon was present as an observer. There were also observers present for Member Hammond and Member Traver.

The Chair asked for a discussion of the minutes from the November 13th. meeting. Member Omer asked that reference be made to the fact that Anita Eckert (sp) has been an observer for Member Hammond. The minutes were then approved as amended. Member Omer motioned that they be approved and the motion was seconded by Member Thannen. The motion was carried unanimously.

A lengthy discussion followed regarding the "blue book", last published in 1978, containing the Institute of Internal Auditors (IIA) standards and the "red book", last published in 1989 which Member Zemaitis presented and pointed out that it was a codification of the rules listed in the "blue book."

Of greatest concern was the fact that the "blue book" had been used as a basis for IAAB standards but then there was agreement that the content of each publication was identical in concept and consequently should cause no problems. The Chair, however, suggested that copies of the "red book" be obtained and sent to members in sufficient time to review and to discuss at the January meeting.

The Chair then inquired about the status of peer review. Member Zemaitis stated that there would be a meeting in his office at 10:00a on Thursday, December 13 at which a professional colleague would be available for counseling on a voluntary basis.

Although it was not an agenda item, the Chair gave a report on the results of the recent control evaluations performed by agencies as required by the

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Fiscal Control and Internal Auditing Act. Member Zemaitis said that Gila Bronner of the Bronner Group, a consulting firm that is involved in the development of an FCIAA training program, had contacted him. He had suggested that a 12 minute training tape be included in any training materials package that would be used.

The Chair then asked for a motion to adjourn. A motion was made by Member Buckles and seconded by Member Zemaitis that the meeting be adjourned. The meeting was adjourned at 10:10a.