

STATE OF ILLINOIS
INTERNAL AUDIT ADVISORY BOARD

Web Address: [HTTP://SIAAB.AUDITS.UILLINOIS.EDU](http://SIAAB.AUDITS.UILLINOIS.EDU)

MINUTES

Board Meeting – June 9, 2015

1:00 p.m.

CALL TO ORDER

The regularly scheduled meeting of the State Internal Audit Advisory Board (SIAAB) was held at the Capital City Center, Room 104, Springfield, Illinois, with video conferencing available at the JRTC, Room 9-036, Chicago, Illinois. The meeting was called to order at 1:02 p.m. by Gary Shadid in Springfield.

ROLL CALL

Members Present/Location:

Gary Shadid, (Chair) Illinois, Department of Agriculture - Springfield
Stephen Kirk, (Vice Chair), Department of Transportation – Springfield
Debbie Abbott, Central Management Services – Springfield
Tracy Allen, Office of the Comptroller - Springfield
Nick Barnard, proxy for Angela Bartlett, Office of the Treasurer - Springfield
Marcus Dodd, Illinois Department of Employment Security - Chicago
Jane Hewitt, Department of Human Services – Springfield
H. Jay Wagner, Office of the Attorney General – Springfield
Julie Zemaitis, University of Illinois – Springfield

Members Absent:

Stell Mallios, Office of Secretary of State

Visitors Present:

None

MINUTES

The minutes for the May 12, 2015 SIAAB meeting were accepted as presented. Ms. Zemaitis made a motion to accept, seconded by Mr. Allen. The motion passed unanimously, with the exception of Ms. Hewitt abstention due to absence (Ms. Hewitt arrived at the meeting at 1:07p).

PUBLIC PARTICIPATION

None

REPORTS AND UPDATES

CPE Coordinator

Ms. Zemaitis indicated that one individual registered for the online training course, one individual was pending, and two certificates were issued.

Quality Assurance Coordinator

Three Quality Assurance Reviews (QARs) on the agenda were being tabled until the special meeting on June 23, 2015. The Illinois Worker's Compensation Commission (IWCC) QAR is being tabled due to an issue regarding "partial conformance with FCIAA" (FCIAA must either be complies or does not comply). The Department of Corrections (DOC) and Department of Juvenile Justice (DJJ) are being tabled pending resolution of an issue.

Ms. Hewitt indicated that she will abstain from voting on all the QARs, as she does not believe in SIAAB's QAR process.

The Healthcare and Family Services (HFS) Quality Assurance Review (QAR) Report and Matrix were discussed with no comments. Mr. Kirk made a motion to accept, Mr. Wagner seconded. The motion passed, with Ms. Hewitt and Mr. Allen (special assistant coordinator) abstaining, and all others voting in favor.

The Illinois Emergency Management Agency (IEMA) QAR report and matrix were discussed with no comments. Mr. Kirk made a motion to accept, Mr. Wagner seconded. The motion passed, with Ms. Hewitt and Mr. Allen (supervisor of the validator) abstaining, and all others voting in favor.

Ms. Zemaitis inquired about the DOC/DJJ documentation regarding consulting engagements and partially conforms. Mr. Wagner (the independent validator) stated the Chief Internal Auditor (Ron Faith) concluded DOC/DJJ was not in full conformance due to the nature of consulting services not being defined in the charter, but did no such engagements (on a formal basis). Mr. Wagner stated he also consulted with Mr. Dodd and Mr. Kirk on the matter, and Mr. Wagner indicated the Chief Internal Auditor's intent to add consulting engagement's to the charter. DOC/DJJ will be further advised to state N/A for services not performed.

FOIA Officer

Mr. Barnard stated there were no new requests.

Guidance Coordinator

Mr. Wagner stated no new requests for guidance were received. Mr. Wagner stated he has updates on Guidance Document 05 (Small Audit Functions), which is on the agenda under Old Business, and asked Mr. Shadid if he should provide an update now or in Old Business. Mr. Shadid instructed Mr. Wagner to brief SIAAB in Old Business.

OLD BUSINESS

Fall Conference Discussion

Ms. Abbott suggested adding Enterprise Resource Planning (ERP) to the conference schedule, due to the SAP (Systems, Applications & Products) ERP project. Mr. Allen stated he would move on finding a presenter.

Mr. Allen stated he has the following topics and entities on the tentative schedule: BKD for fraud; the Auditor General or representative (likely Jim Dahlquist) with emphasis on ethics; KPMG for Yellow Book; the incoming Executive Inspector General Maggie Hickey; Jim Pelletier from the Institute of Internal Auditors (IIA) American Center for Government Auditing (ACGA); and Protiviti to discussion Sharepoint. The IT and Chief Auditor Roundtable will occur on the morning of the third day, with two hours devoted to each and breakfast served.

Mr. Dodd suggested looking at other states that are regarded as having good audit functions, and perhaps reaching out to such states regarding possible presenters and topics. Texas and California were mentioned as possibilities, with an emphasis on Texas.

August Public Comment Request for SIAAB to Adopt Rules

Mr. Wagner indicated the request remains in the queue with no expected response timeframe. SIAAB will continue to wait for a response.

Vote to Approve Two Separate QAR Report Templates after 6/30

Mr. Kirk motioned to approve updating the report template and matrix template to remove “partially conforms” with FCIAA, and limit the options to “conforms” and “does not conform.” Mr. Allen seconded. The motion passed, with abstentions from Mr. Barnard (who had not seen the documents) and Ms. Hewitt.

Mr. Allen motioned to adopt a new report template for SAIV, to distinguish between SAIV and EQA, to post after June 30, 2015. Ms. Zemaitis seconded. Mr. Barnard (who had not seen the document), Ms. Abbott, and Ms. Hewitt abstained.

Ms. Hewitt stated that, according to the Standards, the Chief Audit Executive, not SIAAB, are responsible for communicating results of the QAR to the Chief Executive Officer. Mr. Kirk stated we have an opinion request pending with the Attorney General, and SIAAB’s authority and rules will be sorted out; however, in the meantime we must keep functioning.

Ms. Abbott stated that, since QAR documentation is filed with the FOIA officer, SIAAB should clarify in its bylaws that the QAR reports are not releasable. Ms. Abbott also inquired whether SIAAB should go into executive session for QARs, since the meeting is otherwise public.

Guidance Document #5- Small Audit Functions

Mr. Wagner stated progress has been made as time has permitted. Guidance has been incorporated from the IIA's Practice Guide titled "Assisting Small Internal Audit Activities in Implementing the International Standards for the Professional Practice of Internal Auditing" (publicly available document). Cross references have been added to "Guidance Document 04 - Internal Audit Plan Development and Amendment in State of Illinois Government." Mr. Wagner stated he has a detailed sample audit charter and a detailed sample internal control component tracking spreadsheet to include with the next version of the guidance draft. Mr. Wagner recently found two additional resources to incorporate: an Internal Auditor Magazine article titled "Small Audit Functions, Big Ideas" (publicly available document) and an IIA ACGA Knowledge Brief titled "Doing More with Less: 10 Strategies for Government Auditors" (accessible to members-only, so usage limited to the extent permissible). Mr. Wagner stated an updated draft guidance document will be posted on the SIAAB intranet prior to the July 14 meeting.

NEW BUSINESS

Late QAR Notifications

Two late QAR notifications were received. The Department of Revenue will have its QAR completed by April 1, 2016 and the Department of Agriculture will have its completed by January 31, 2016. Both are due to having new Chief Internal Auditors, and both will reflect the condition in their audit reports.

Approval of SIAAB Officers' Independence and Confidentiality Statements

Mr. Allen motioned to approval all independence and confidentiality statements for SIAAB. Mr. Kirk seconded. The motion passed unanimously.

Origins of SIAAB CPE requirements

Mr. Allen shared the Yellow Book deficiency standard, stating he will propose an update to the bylaws to reflect the Yellow Book standard, and limit its applicability to the QAR process.

Origins of compliance with FCIAA as part of QAR Process

Ms. Zemaitis stated the historical minutes since SIAAB's inception through 1997 are on Sharepoint. Minutes from 1998 through current are on the SIAAB website. From her review of historical minutes, there was no specific discussion of why FCIAA compliance was considered to be part of the QAR process. Per the minutes, it seems this was inherently considered to be part of the QAR process since SIAAB's inception

ANNOUNCEMENTS

A Scheduled Special Meeting for QARs will be held on June 23, 2015 at 1:00 pm. The meeting will be at the Capital City Center's Video Conference Room #104, 130 West Mason, Springfield, Illinois. For those attending via video conference in Chicago, Room 9-036 of the JRTC will be reserved.

The next regular meeting is scheduled for July 14, 2015, at 1:00 p.m. The meeting will be at the Capital City Center's Video Conference Room #104, 130 West Mason, Springfield, Illinois. For those attending via video conference in Chicago, Room 9-036 of the JRTC will be reserved.

ADJOURNMENT

A motion to adjourn was made by Mr. Kirk, seconded by Ms. Abbott. Motion carried unanimously. Meeting adjourned at 2:44 p.m.