

STATE OF ILLINOIS
INTERNAL AUDIT ADVISORY BOARD

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

MINUTES

Board Meeting – June 14, 2016

1:00 p.m.

CALL TO ORDER

A 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 1:00 p.m. by chair Stephen Kirk in Springfield.

ROLL CALL

Members Present/Location:

Stephen Kirk, (Chair), Department of Transportation – Springfield
Tracy Allen (Vice Chair), Office of the Comptroller – Springfield
Nick Barnard, Proxy for Leighann Manning, Office of the Treasurer – Springfield
Jane Hewitt, Department of Human Services – Springfield
Stell Mallios, Office of Secretary of State – Chicago
Gary Shadid, Illinois, Department of Agriculture – Springfield
H. Jay Wagner, Office of the Attorney General – Springfield
Julie Zemaitis, University of Illinois – Springfield

Members Absent:

Debbie Abbott, Central Management Services

Visitors Present:

Tad Huskey, Chief Internal Auditor, Department of Insurance

MINUTES

The minutes for the May 10, 2016 SIAAB meeting were accepted after minor revisions. Mr. Allen made a motion to accept, seconded by Ms. Zemaitis. The motion passed unanimously.

PUBLIC PARTICIPATION

None

REPORTS AND UPDATES

CPE Coordinator

Ms. Zemaitis stated one internal auditor registered for training and none completed it.

Quality Assurance Coordinator

Mr. Allen presented an update to the bylaws to remove the requirement that two special assistant coordinators review a QAR, noting nothing prohibits more than one reviewer when the situation warrants. Motion made by Mr. Shadid, seconded by Mr. Wagner. Motion passed unanimously with Ms. Hewitt abstaining.

The following QAR team requests were presented for acceptance:

- Eastern Illinois University – Chief Internal Auditor Leigh Moon requested Tom Salzman as independent validator, who meets all qualifications. Mr. Shadid made a motion, seconded by Ms. Zemaitis. Motion passed unanimously with Ms. Hewitt abstaining.
- Secretary of State – Chief Internal Auditor Stell Mallios requested Kishor Desai as independent validator, who meets all qualifications. Ms. Zemaitis made a motion, seconded by Mr. Shadid. Motion passed unanimously with Ms. Hewitt and Ms. Mallios abstaining.

The following QAR reports were presented for acceptance

- Department of Lottery – Chief Internal Auditor is Amy DeWeese and independent validator was Darick Clark. Mr. Allen made a motion, seconded by Mr. Shadid. Motion passed unanimously with Mr. Wagner and Ms. Hewitt abstaining.
- Department of Insurance – Chief Internal Auditor is Tad Huskey and independent validator is Max Paller. Mr. Allen expressed concerns that Insurance had received a FCIAA finding, and that two of the audits cited as clearing the internal control component of the finding were pending release. Concerns were also expressed whether the depth of testing was sufficient. Mr. Huskey stated that he expanded testing in audits with the intent of auditing all major systems of internal control by the end of FY 2016 (the end of the two year compliance examination period). Mr. Huskey also noted that a full time audit internal auditor was employed the entire time the Chief Auditor position was vacant. Mr. Huskey was advised to release the outstanding audits, have the validator review the working papers, and sign a new report, with the Board being aware of the reason for the delay. Motion to table the QAR was made by Mr. Allen, seconded by Mr. Shadid. Motion passed unanimously with abstentions from Ms. Hewitt and Mr. Wagner.

Mr. Kirk noted that he received responses from the following agencies who previously received late notices from SIAAB:

- Department of Employment Security (DES) – Late Notice previously sent October 14, 2015
- Department of Natural Resources (DNR) - Responded May 25, 2016

- Department of Veterans' Affairs (DVA) – Responded May 11, 2016

The following agencies were not late on their QARs; however, the agency notified SIAAB their next QAR deadline would not be met:

- Northeastern Illinois University (NEIU) – Deferral Notice Letter Dated May 26, 2016 - The deadline of January 2017 will not be met due to the retirement of the previous chief internal auditor and no audit function of for a significant period of time. The target date for the next QAR will be January 2018, with NEIU acknowledging it will be operating in nonconformance after the January 2017 deadline until the next QAR is completed.
- Governors State University (GSU) – Deferral Notice Letter Dated May 31, 2016 – The deadline of August 18, 2016 will not be met due to the retirement of the previous chief internal auditor and no audit function of for a significant period of time. The target date for the next QAR will be August 18, 2017, with GSU acknowledging it will be operating in nonconformance after August 18, 2016 until the next QAR is completed.

FOIA Officer

Mr. Barnard stated there were no new requests.

Guidance Coordinator

Mr. Wagner stated he had no new requests for guidance

Mr. Wagner stated he has not received any feedback on #07 – Access and Disclosure of Engagement Reports, for which he provided a draft prior to the last meeting. This is expected to be revisited at the August 9, 2016 meeting.

OLD BUSINESS

Financial Reporting Standards Board (FRSB)

The legislation to extend 30 ILCS 30 has passed both houses with no nay votes.

Fall Conference

The Springfield Institute of Internal Auditors (IIA) is meeting on June 16, 2016, and will make several budget decisions to adjust to the effects of the budget impasse. Fall conference planning will commence pending the Springfield IIA's actions.

Record Retention

No report.

Discussion with New Auditor General

Mr. Kirk (Chair) and Mr. Allen (Vice Chair) met with Auditor General Frank Mautino, along with Financial/Compliance Audit Director Bruce Bullard and Legal Counsel Becky Patton on May 24, 2016 at 10a. The noteworthy points from the meeting were:

- The Auditor General is open to discussing and amending FCIAA.
- Mr. Bullard expressed concerns that without the mandates in FCIAA, they would not have a benchmark against which to audit the internal audit functions.
- Ms. Patton expressed concerns that without the mandates in FCIAA which necessitate a level of audit resources to accomplish, management may not invest in audit functions.

Quality Assurance Matrix/Process

Ms. Zemaitis disseminated a revised QAR process and format proposal via email, and the proposal was also uploaded to SharePoint. Ms. Zemaitis asked that the proposal be reviewed and feedback provided prior to the next meeting.

NEW BUSINESS

No new business.

ANNOUNCEMENTS

The next regular meeting is scheduled for July 12, 2016, 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. Wagner, seconded by Mr. Allen. Motion carried unanimously. Meeting adjourned at 2:14 p.m.