

STATE OF ILLINOIS
INTERNAL AUDIT ADVISORY BOARD

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

MINUTES

SIAAB Fall Conference Chief Internal Auditor Roundtable – October 24, 2019
8:00 A.M.

ROLL CALL

Members Present at the Northfield Center in Springfield:

Julie Zemaitis (Chair), University of Illinois
Jay Wagner (Vice Chair), Office of the Attorney General
Natalie Covello, Chicago State University
Rex Crossland, Department of Employment Security
Leighann Manning, Office of the Treasurer
Jamie Nardulli, Department of Healthcare and Family Services
Brent Nolen, Illinois State Police
Gary Shadid, Office of the Comptroller

Members Absent:

Amy DeWeese, Department of Human Services
Jack Rakers, Central Management Services
Stell Mallios, Office of the Secretary of State

Other Participants:

Nicholas Barnard, Department on Aging
Angela Bartlett, Department of Revenue
Darick Clark, Department of Lottery
Alicia Collins, Department of Military Affairs
Sharankishor Desai, Illinois Student Assistance Commission
Kristoffer Evangelista, Governors State University
Shaun Farmer, Illinois State Toll Highway Authority
James Froehner, Illinois Environmental Protection Agency
Jane Hewitt, Illinois Emergency Management Agency
Jackie Hohn, State Universities Retirement System
Kenneth Hovey, Department of Children & Family Services
Myles Johnson, Office of the Attorney General
Stephen Kirk, Illinois Department of Transportation
Nikki Lanier, Department of Revenue
Tassi Maton, Illinois State Board of Education
Joel Meints, Department of Veterans' Affairs
Leigh Moon, Eastern Illinois University
Kevin O'Connor, Illinois Housing Development Authority
Marty Paul, Office of the State Fire Marshal
Danielle Schultz, Northern Illinois University

CALL TO ORDER

A Chief Internal Auditor Roundtable meeting hosted by the State Internal Audit Advisory Board (SIAAB) was held at the Northfield Center in Springfield, Illinois on October 24, 2019. The meeting was called to order at 8:00 A.M. by SIAAB Vice Chair Jay Wagner

INTRODUCTIONS

Each participant of the roundtable made an introduction including their name and agency represented. A printout of the SIAAB Directory was also passed around the room, with attendees asked to ensure their information was accurate and to suggest updates as appropriate.

MEETING TOPICS

Announcements

It was announced that both venues for SIAAB's monthly meetings on the second Tuesday of every month had changed as follows:

- Springfield: 500 1/2 Stratton Building
- Chicago: 09-035 JRTC (next door to prior meeting room)

It was announced that Attorney General Opinion 19-001 regarding Internal Audit was released in August 2019, concluding that multiple designated State agencies could not appoint the same individual chief internal auditor. There was no discussion.

CPE Policy (Bylaw 2.5)

The possibility of allowing CPE for peer reviews was discussed. This is permitted by the IIA CPE Policy (Section 3.2.6), but prohibited by GAO Yellow Book (Section 4.36(g)). It was noted that this would not add a requirement to audit functions, and chief internal auditors and agencies maintain the right to not allow such CPE. There was consensus for SIAAB to move forward with drafting an update to the Bylaws to be disseminated for comment, and to determine whether issuing a CPE certificate would be appropriate.

The possibility of allowing CPE for certifications obtained by examinations was discussed. This is permitted by the IIA CPE Policy (Section 3.2.1), but prohibited by GAO Yellow Book (Section 4.36(h)). It was noted that this would not add a requirement to audit functions, and chief internal auditors and agencies maintain the right to not allow such CPE. There was consensus for SIAAB to move forward with an update to the Bylaws to be disseminated for comment, and to assess appropriate documentation for the CPE.

The anticipated effective date of Bylaw changes is January 1, 2020.

Discussion of 2019 OAG Audit Guide

The recent updates to the Office of the Auditor General (OAG) Audit Guide was discussed, most notably Chapter 19, which deals with Internal Audit. There will be increased focus on assessing conformance with the requirements presented in the Standards, including an emphasis on Quality Assurance and Improvement Programs (QAIP) including Internal Assessments. Other items in the Standards, such as assessment of the ethics program and IT governance were discussed as well.

Participants were informed that the Auditor General has requested that the Guide not be shared, and anyone who wants it should request it from the Office of the Auditor General.

Guidance Coordinator

Draft Guidance #9 - Internal Assessments was discussed. An entity who went through a full External Quality Assessment (EQA) performed by IIA Quality Services, indicated it was the most detailed Quality Assurance Review they ever endured, and that the IIA Quality Services indicated there are multiple ways to conduct an internal assessment. A complete assessment of all of the Standards could be completed mid-way between the external assessments, or some components could be assessed each year so that all are assessed during the five-year period. There were concerns voiced that guidance may be considered mandatory and be too burdensome on audit functions. SIAAB members indicated that the purpose of the checklist was to assist audit functions in performing sufficient internal assessments by providing various options for performing an internal assessment, including providing an optional tool that is more concise and less burdensome than the matrix. SIAAB will prepare alternative language and disseminate for review.

An inquiry was made regarding suggestions for any additional guidance, with no suggestions made.

Quality Assurance Coordinator

The issue of Reciprocal Quality Assurance (Peer) Assessments was discussed. Reciprocal peer reviews between Internal Audit Organizations are prohibited by Bylaw 3.4.3. The bylaw language is from IIA Implementation Guide (IG) 1312 (External Assessments). There were concerns that, in the Illinois State Government environment, this may be overly restrictive and unnecessary in situations where there was complete turnover in small audit functions, and perhaps the restriction should be between the auditors and their validators, not the organizations. SIAAB will retain a restriction on reciprocal reviews to preserve validator independence, but will consider bylaw language that would account for situations where it can be demonstrated that a validator is independent due to situational changes since prior peer reviews.

A 2017 article from Internal Auditor magazine titled “Breaking Down the Standards” was discussed. In the article, IIA Quality Services indicated that 4 of the top 5 (and 5 of the top 10) least conformed with standards are related to Quality Assurance. Internal Assessments (1311) was the top least conformed with standard.

Department of Innovation and Technology (DoIT)

Various concerns regarding issues related to DoIT were discussed. The concerns included: decommissioning unsupported technology, SOC Reporting, Grant Management, the Grant Accountability and Transparency Act (GATA), Illinois ACT / Enterprise Resource Planning (ERP), Interfacing, data ownership, and Intergovernmental Agreements (IGA) / Memorandums of Understanding (MOU) / Service Level Agreements (SLA). Shared solutions, useful points of contact, and resources were shared between participants.

Proposed Internal Auditor Classification Series

The proposed reclassification series for internal audit is currently dormant. After SIAAB held special meetings in March 2019 to address draft reclassifications, a working group was formed with CMS. However, future meetings have not currently been scheduled, as the new administration and CMS have higher priorities at the current time. It was suggested that a viable alternative to the proposed classification series, rather than solely voicing opposition, would be more successful to move things forward. It was also suggested agencies could reach out to CMS through their human resources liaisons.

CPE Coordinator – Open Discussion - Questions, Suggestions, Areas for Improvement

The floor was opened for discussion of the online SIAAB training. It was noted that auditors who have already taken the training are welcome to take a refresher at any time, and are eligible for 4 CPE if it is taken more than two years after when they last obtained CPE.

Statewide Accounting Management System (SAMS) – Internal Control Checklists

The proposed internal control checklist update is being mapped to its source criteria, and being reviewed to ensure that useful items from the old checklists are included and unnecessary items are removed.

Grant Management

It was announced that the Office of Management and Budget (OMB) issued a Revised 2019 Compliance Supplement. Chief Internal Auditors and liaisons were notified through email in September 2019.

Posting of non-Audit job positions on SIAAB site

The possibility of posting non-audit job openings on the SIAAB site was discussed, with consensus to only post internal audit positions.

Spring Roundtable

It was recommended that a spring roundtable be held every year.

ADJOURNMENT

The meeting was adjourned at 11:55 A.M. by SIAAB Vice Chair Jay Wagner.