

June 9, 1998

The regular meeting of the State Internal Audit Advisory Board was held on June 9, 1998, at the Illinois State Museum Collection Center, Springfield, Illinois. Acting Chairperson Nancy Hilger called the meeting to order at 9:30 a.m. Roll call was taken.

Members Present:

Nancy J. Hilger - Acting Chairperson, Department of Commerce & Community Affairs
Merlyn Hepperly - Office of the Comptroller
Bob Schwarz - Central Management Services
Jack Schoonover - Western Illinois University
Jim Reid - Office of the Attorney General
Ben Zemaitis - Department of Revenue

Members Absent:

Dick Traver - University of Illinois
John Cain - Office of the Secretary of State
Brad Hammond - Department of Natural Resources
Stan Brown - Office of the Treasurer
Bill Coons - Professional Regulation

Minutes:

Nancy Hilger asked if there were any changes or corrections suggested to the March or April minutes. Jack Schoonover made a motion to accept the revised March minutes and Bob Schwarz seconded the motion. All were in favor and no opposed.

Ben Zemaitis requested to have the adjournment time corrected to read 10:40 a.m. rather than 9:40 a.m. Bob Schwarz also requested to have his name corrected in the "Adjournment" section. Ben Zemaitis moved to accept the April minutes and Bob Schwarz seconded the motion. All were in favor and no opposed.

Old Business:

Peer Review

Nancy Hilger commented that Brad Hammond is contacting all State agencies regarding when they would prefer to have their peer review. Brad informed Nancy that the agencies had volunteers who would perform peer reviews, but they had requested training prior to performing any reviews. Nancy Hilger commented that even though some staff have already been trained in the peer review process, they may wish to have a refresher course.

Jack Schoonover reported that he had contacted Fred Lehrman in Chicago. Fred accepted his appointment to the Report Acceptance Committee and was currently reviewing the Environmental Protection Agency.

In regards to DCCA's peer review, Nancy Hilger stated that she is assuming that Mike Moody will be returning to this committee as Chairperson and will sign off at that time on DCCA's peer review. She does not feel that she can sign off on her own peer review. Bob Schwarz feels that, since she was not the Chairperson of this Board when her peer review was conducted, she should be allowed to sign. Ben Zemaitis feels that the Vice chairperson should sign off on DCCA's review, and if we do not have a Vice Chairperson assigned at thi time, this Board should assign one immediately. Nancy Hilger and Bob Schwarz feel that the rules state that the peer reviews must be reviewed by the Chairperson, not the Vice Chairperson. Jack Schoonover stated that he agreed with Ben that this Board needs to assign a Vice Chairperson until Mike Moody's return. Nancy Hilger asked is there were any volunteers for the position of Vice Chairperson. Ben Zemaitis volunteered. Bob Schwarz moved to approve this appointment and Jim Reid seconded the motion. All were in favor and no opposed.

Nancy Hilger stated that the Internal Audit Advisory Board letterhead will be revised to reflect Nancy Hilger as Chairperson and Ben Zemaitis as Vice Chairperson.

A general discussion was held regarding the Peer Review Executive Committee. It was agreed by all present that Ben Zemaitis could sign as Chairperson of this Executive Committee if all other Executive Committee members were in agreement. Other committee members include Nancy Hilger and Mark Krell. Ben Zemaitis inquired if Brad Hammond was going to produce a schedule of upcoming peer reviews. Nancy Hilger answered that Brad will provide this list when it is completed. Nancy also commented that she is performing the U of I review now and that EPA and DCCA are complete. Eastern Illinois University was done some time ago, but no one can locate a record of this review. This is why we need to compile historical data. Bob Schwarz will check to see if any other reviews have been done in the past. Nancy also feels that this Board should develop some standards/guidelines/timelines to follow during the peer review process so this problem does not reoccur.

Ben Zemaitis feels that a key factor in the peer review process if finding out the preferred time schedule from each organization to be reviewed. This Board can then match up the organizations to be reviewed with the volunteers to perform the reviews. Ben also stated that it has been finalized who will be in the review process and who will not. Jack Schoonover stated that Eastern Illinois University, Veterans Affairs, Guardianship and Advocacy, and the Illinois Commerce Commission all opted not to participate. Nancy Hilger stated that Mike Moody was supposed to send out a letter to each organization who opted not to participate in the peer review process. Merlyn Hepperly is going to check to see if these letters were mailed out prior to Mike's temporary assignment.

Nancy Hilger asked the other Board members present if they felt that the peer view guidelines/timelines should be developed by this Board or if a survey should be sent out to the organizations participating in the peer review process. Bob Schwarz felt that this question should be deferred to Brad Hammond since he is overseeing the peer review process. Nancy Hilger

stated that hopefully Brad can develop a proposal for this Board to review at the next meeting in July.

New Business:

Nancy Hilger stated that this Board is to redo the bylaws.

Ben Zemaitis stated that the Institute has a special task force looking at the standards and their appropriateness. Their conclusions will be revealed at the national conference.

Jim Reid - 97 Governmental GAAP Guidelines are not finalized yet. Nancy Hilger questioned who can oppose this mandate. Jim responded that this is part of the auditor general's audit guide and if you cannot provide this information, it could result in a finding. Nancy responded that this is not a compliance issue, just a good business practice that you should be adhering to. Ben Zemaitis responded that the auditors can ask any question they want. Jim inquired whether this should be a requirement to provide this information even though it is not a requirement of GAAP. Ben responded that Jim could take the position that it is not required in GAAP and, therefore, will not be provided.

Announcements:

Ben Zemaitis reminded the Board of the upcoming State and Local Government Conference being held at the Springfield Hilton on October 19th and 20th. The cost is approximately \$300 per person. Jack Schoonover requested to be put on the list to receive information regarding this event. Ben also stated that the intent is to attract non-government auditors, as well as governmental auditors.

Bob Schwarz inquired as to what the status was of the internal audit managers meeting. Nancy Hilger responded that Mark Krell is continuing to work on this. Nancy will contact Mark Krell for an update.

Nancy Hilger announced that phe and Bill Coons are working on getting the golf outing set up for this July.

Next Meeting:

The next meeting will be held July 14, 1998 at 9:30 a.m. in the regular meeting room at the Illinois State Museum Collections Center, Springfield, Illinois.

Adjournment:

A motion to adjourn was made by Bob Schwarz and seconded by Ben Zemaitis. The meeting was adjourned at 10:23 a.m.