

**July 14, 1998**

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The regular meeting of the State Internal Advisory Board was held on July 14, 1998, at the Illinois State Museum Collection Center, Springfield, Illinois. Acting Chairperson Nancy Hilger called the meeting to order at 9:30 a.m. Nancy Hilger indicated that Joan Waganer would be taking minutes of the meeting and that Mike Moody was officially back as Chief Auditor for the Office of the Comptroller. Bill Coons made a motion for Mike Moody to serve as Chairman of the Board and that Nancy Hilger be reassigned to her position as Vice-Chairman. Bob Schwarz seconded the motion. The motion carried. Mike Moody expressed his thanks for Nancy's great efforts serving as Acting Chairperson while he was gone.

**Members Present:**

Mike Moody, Chairman - Office of the Comptroller  
Nancy J. Hilger, Vice-Chairperson - Department of Commerce & Community Affairs  
Bill Coons - Professional Regulation  
Jim Reid - Office of the Attorney General  
Bob Schwarz - Central Management Services  
Dick Traver - University of Illinois  
Merlyn Hepperly - Office of the Comptroller  
Ben Zemaitis - Department of Revenue  
Stan Brown - Office of the Treasurer

**Members Absent:**

John Cain - Office of the Secretary of State  
Brad Hammond - Department of Natural Resources  
Jack Schoonover - Western Illinois University

**Minutes:**

Mike Moody asked if there were any changes or corrections to the June minutes. Jim Reid suggested that the third paragraph under new business reflect the following changes:

Jim Reid - Service efforts and accomplishments in the 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, as stated in the audit guide, could result in a finding

(Ben Zemaitis arrived at the meeting)

Mike Moody asked if there were any other changes to the minutes. Bob Schwarz stated that under Old Business on the second page, third paragraph, he would like to know what he was to

do. Mike indicated that it was his understanding that no one could locate the record of the review that was done for Eastern Illinois University. Bill Coons said that Bob was to check to see if a report has been done. Nancy Hilger stated that the Board has the work papers, but what the Board doesn't have is the report. (Nancy asked for the minutes to reflect this.)

Mike Moody asked if there were any other changes. Bob Schwarz made a motion to accept the revised minutes of the June meeting. Bill Coons seconded the motion. All were in favor and no opposed.

### **Old Business:**

Mike Moody read a letter of resignation from Jack Schoonover. He stated that Jack had accepted a position at Western Illinois University as Director of Facilities for the housing operation. Carol Carter is the new Chief Auditor at Western Illinois University. He also announced Don Bullerman is the new Chief Auditor at Veterans Affairs.

### **Peer Review**

Mike Moody indicated that Brad Hammond had reported to him that he currently has seven teams filled with two persons each. Mike stated that Brad had started contacting the agencies to be reviewed. Brad had not contacted all agencies for team members as he was focusing on agencies that had not participated on a peer review team before. The critical issue is the training set for August 24. Nancy Hilger stated that the time set for the training was from 9:00 a.m. to 1:00 p.m. Mike Moody stated that Fred Lehrman is coming down from Chicago so there needs to be clarification on the details of the training. Nancy Hilger also commented that parking would be on the north side of the building.

Nancy Hilger pointed out that for people that received training a long time ago, if they want to get retrained, we will be giving CPD. Ben Zemaitis stated that the CPD is for our State.

Mike Moody stated that he did not send out the agency letters before he left. He would be sending them to Chicago State, DOT, Governor State, Racing Board, EPA, Historic Preservation and the Commerce Commission.

Mike said that by the next meeting he would get a letter drafted for the Board's review. Ben Zemaitis stated that the letter did not have to go back to the Board for its approval.

(Stan Brown arrived at the meeting)

Mike Moody reiterated some of the prior discussion for the benefit of Stan Brown. Mike asked Stan if he wanted to participate in the peer review process. Stan Brown asked if he had to make that commitment and then a month from now have to back out. Mike Moody stated that Stan's agency needs to decide whether it wants to participate. Ben Zemaitis said that if the Office of the Treasurer participates then somewhere along the line you will participate whether it's a month or a year from now. Stan Brown indicated that the Board could put him down. Mike Moody stated that, if you do not participate, the head of the agency will receive a letter indicating that their

internal audit department must arrange their own peer review. Jim Reid said the prime emphasis is whether you want to participate or whether you want a peer review by some other organization.

Mike Moody asked if there were any other questions. (Ben Zemaitis passed out a copy of the Quality Assurance Tool to each member present.) Ben Zemaitis reminded the Board that two years ago the auditors were using a software package that CMS paid for. We put the questionnaires on our PC's and had access to a paper document. So the questionnaire could be used on the PC or on paper by the peer review teams. Ben stated that it was his understanding that the peer review teams are to use these tools. Ben stated that Dick Traver and he had put a lot of work in the Quality Assurance Tool and if this is to be used, this should be enforced and the teams should not have the prerogative of not using the questionnaire. The team should not decide that some of the areas are negative and some members should not talk about it. We are concerned whether some of the questionnaire meets the parameters and meets the needs of the Board. In some instances, the Internal Audit Directors are saying this does not apply to me. Maybe this needs to be reexamined.

Ben Zemaitis said the second issue is, what should happen if somewhere along the line in the review process the review was not acceptable to them. Looking at the issue, we need to clarify what should happen if the auditors and the one being reviewed do not agree or if the review was not performed in the way the process was set up.

Dick Traver stated that he envisions that Ben Zemaitis and he would teach this (the Quality Assurance Tool) on the 24" and if they were missing something and were not complete, then they should go out and complete it. Dick said he looked at this as a minimum standard for the acceptance committee to look at. Nancy stated that she didn't know or understand that this was not what we were supposed to use. Ben Zemaitis stated that the Board committed us to develop the Quality Assurance Tool. We had an open meeting with the auditor managers group and decided to use this tool as a software program or a printed copy. Bill Coons stated that the Board adopted a long and short version. Ben Zemaitis stated that the Board made a decision to use a short or long version. We either need to rescind it or affirm it. Since the Board changes and if somebody has a problem, then we need to know about it.

Ben Zemaitis concluded that either part 1, that he didn't need to be involved in a training that is not acceptable or 2, Brad Hammond needs to be informed that this is what they are going to use. Jim Reid said that the questionnaire is the one he used and would recommend that we keep it. Nancy Hilger said that the questionnaire addresses all of the issues going.

Ben Zemaitis made a motion that 1) the Board affirm that the Quality Assurance Tool be used for the peer review process; 2) that the appropriate officials in the process be advised that the use of this tool is obligatory; and 3) that the review committee reject reports not using this tool. Nancy Hilger seconded the motion.

Bill Coons added an amendment to the motion stating that when the assignment letter goes out to the different team members, we should remind them that we do have a tool and send them a copy

of the disk with the assignment letter. Ben Zemaitis seconded the amendment to the motion. All were in favor and the amendment and the amended motion carried.

(There was general discussion regarding cases of peer reviews where the Quality Assurance Tool was not being used. Ben Zemaitis pointed out that that if the peer review skipped what is in the Quality Assurance Tool, then the Board has a problem as you cannot have as high quality review without using this tool.)

Mike Moody asked if the Board has any peer reviews that they know that the Quality Assurance Tool is not being used. Bill Coons responded that there were two. Mike stated that since he has been away, he didn't have a full understanding of the specific cases. He said he would like to put this off until the next meeting and look at what is going on.

### **New Business:**

Dick Traver said the university has an on-line program and suggested putting the peer review training program on the internet so trainees can call up the program any time, fill out the questionnaires, send them to the Board and then they can go out and do the peer reviewing. In our case, we are talking about a three or four hour training program. He wanted to know whether or not the Board was interested in pursuing this.

Mike Moody called for a motion for the Board to approve this. Ben Zemaitis seconded the motion. Ben stated that the Board would have to structure this so that the person taking the training would understand it and there would be an on-line test. Dick Traver said at this point, he will go to the university and see if the Board can do this and will report back in September. All were in favor of the motion and no opposed.

Ben Zemaitis had two additional items: 1) the new chair and vice-chair, and 2) his appointment as chair of the Executive Committee. Mike Moody said at the beginning of the meeting he was reelected Chairman and Nancy, Vice-Chairman and as a result Ben was no longer Chair of the Executive Committee.

### **Announcements:**

Ben Zemaitis reminded those present of the State and Local Government Conference and would like to encourage the Board members to use their contacts. Ben stated that he had talked to Jim Donkin and he will be sending 15 or 20 people. Ben also talked to his director. Bill Coons asked if the Board would be sending out information on the conference. Ben Zemafis suggested using the home page of the Springfield Chapter. Mike Moody said he would entertain a motion for the Board to send out a letter to all of the Chief Auditors. Ben Zemaites so moved. Bill Coons seconded the motion.

Ben Zemaites said they had all but one speaker for the conference that has confirmed. Nancy Hilger asked what was the maximum number for attending the conference. Mike Moody stated that there is enough space for 100 in each session. There is a \$50 a night rate at the Springfield

Hilton and a golf outing at The Rail. There will be a trolley tour of the Lincoln sites on Sunday and the golf outing. The conference is Monday and Tuesday and the fee is \$295 for members.

Mike Moody asked if all were in favor of sending out a letter. All were in favor and no opposed.

Mike Moody informed the Board that the address on the internet for the Springfield Chapter is [www.fgi.net/~spfldiia](http://www.fgi.net/~spfldiia).

**Next Meeting:**

The next meeting will be held August 11, 1998 at 9:30 a.m. at the Illinois State Museum Collection Center, Springfield, Illinois.

**Adjournment:**

A motion to adjourn the meeting was made by Bill Coons. Dick Traver seconded the motion. The meeting was adjourned at 10:25 a.m.