

**December 18, 1998**

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The regular monthly meeting of the State Internal Audit Advisory Board was held on December 18, 1998, at the Illinois State Museum Collection Center, Springfield, Illinois. Chairman Mike Moody called the meeting to order at 9:35 a.m.

**Members Present:**

Mike Moody, Chairman - Office of the Comptroller  
Brad Hammond - Department of Natural Resources  
John Cain - Office of the Secretary of State  
Jim Reid - Office of the Attorney General  
Dick Traver - University of Illinois  
Ben Zemaitis - Department of Revenue

**Members Absent:**

Nancy J. Hilger, Vice-Chairperson - Department of Commerce & Community Affairs  
Stan Brown - Office of the Treasurer  
Bill Coons - Professional Regulation  
Bob Schwarz - Central Management Services

**Minutes:**

Mike Moody asked if there were any changes or corrections to the October 13, 1998 minutes. Brad Hammond pointed out the second sentence in the last paragraph on page two, "Brad Hammond said the Board discussed this action in August". Brad indicated that he was not at the August meeting so it was decided to strike the sentence from the minutes. All were in favor and no opposed approving the minutes as corrected.

**Old Business:**

**Peer Review**

Non-Participants Notice

Mike Moody stated that at the last meeting the Board talked about the non-participants notice as to whether the non-participants notice would go to Department of Transportation and Environmental Protection Agency. Mike said the Board is expanding the definition of those participating. There was a motion made at the August meeting and passed. The Board has received a report from the Department of Transportation and asked if the Board accepted their review. Brad Hammond said the Board accepted DOT's first review at the beginning of the five-year time frame. The Department of Transportation is in compliance - the US Highway

Commission follows the yellow book standards which is every three years. They will send their review to the Board.

Mike Moody stated that letters were sent to the those agencies that have new chiefs. Mike said that all the Board's letter is saying is that, if the agency is not a participant in the Board's peer review program then they are to meet the standards in some other way. How we say it is more important than not saying it at all.

Brad Hammond said that IDOT has not participated in peer reviews and are not participating in the Board's program - they are participating with someone else. Ben Zemaitis said that we need to put them on notice that they are not participating under our peer review process.

Mike Moody said at the August meeting a motion was passed "if an agency is not participating in peer review through our resources and the agency has a review performed by an outside entity and the Board accepts the report, then that agency is considered a participant in peer review and no letter is sent." Ben Zemaitis said that is in conflict with the Board. The program says it is our obligation to notify the agency. Jim Reid said the motion is consistent with the by-laws. Dick Traver stated that if an agency wants a review performed from an outside entity, then the agency is to let the Board know. Ben Zemaitis asked what the Board does if they get a report and the Board doesn't accept the report. Mike Moody said then it is the Board's position to let the agency know that they are not a participant. Mike Moody said that, if the Board wants to make a change, then the Board needs to make a motion to reconsider. Mike said the best course of action is to send out a clarification letter and he indicated that he would send one to IDOT. Brad Hammond said then they can send the Board a letter indicated that they do not want in the program.

Brad Hammond said EPA has provided three people to work on peer reviews and they have had a peer review -- and have they officially said one way or other. Mike Moody indicated that EPA was sending the results of their peer review. Ben Zemaitis said EPA needs to make up their mind whether they want to be a participant of the group or not - it is extremely important that the Board tie up all of the loose ends before the new administrations come in. John Crain and Brad Hammond agreed with Ben. Mike said he would send out a letter to those agencies with new chief auditors: Illinois Department of Veterans' Affairs, Illinois Guardianship and Advocacy Commission, Eastern Illinois University and Illinois Commerce Commission. Brad asked Mike for a master copy of all of the chief auditors.

### Committee Meetings

Mike Moody indicated that he had been on the Report Acceptance Committee that has never met. He suggested scheduling a committee meeting to follow the regularly scheduled meetings and report back to the board. Dick Traver moved that the committees on peer reviews meet following the monthly Internal Audit Advisory Board meetings. Mike Moody said that IAAB meetings are open meetings and the minutes are public information. The committee meetings do not constitute a quorum, so they are not considered open meetings.

Mike Moody raised a question regarding the minutes of the Board meetings. He said he was not certain that the current amount of detail is necessary and suggested that the Board go back to

what was previously done in summary form. Ben Zemaitis agreed that the summary form would be better making sure to include all motions that are made. If any member requests to go on record, that should be included.

### Peer Review Status

Brad Hammond reported on the list of agencies and the status of their peer reviews:

Department of Natural Resources - Jim Reid (completed)  
Office of the Attorney General - Sharon Stapleton (outstanding)  
Public Health - Deanna Marvin (outstanding)  
Environmental Protection Agency (completed)  
University of Illinois (completed)  
Commerce Commission (completed)  
Secretary of State (completed)

Brad Hammond said as for the new ones, (let the minutes reflect) no action has been taken at this time. Brad indicated that he would send out all of the notices, seven or eight, the first of January. They will be given the calendar year of 1999 to schedule their peer reviews. There are eight new peer reviews scheduled for the next calendar year. Brad said he didn't have the new completed list. Mike Moody said the new list is everybody but the Supreme Court and three other new agencies.

Mike Moody said the Board is going to suspend any new peer reviews until a said date or until the Board clears up all of the old ones. The January meeting is scheduled for January 12 and everything is to be cleared prior to the next scheduled meeting. Brad Hammond said all of the field work is done and all of the reports. Only two are outstanding -- the Office of the Attorney General and Public Health. Bob Schwarz was to go back and check on Secretary of State. Mike said that Nancy Hilger and Mark Krell (?) were doing EPA and DCCA. Brad said that U of I review committee is Fred Lehrman and Bob Schwarz. Jim Reid asked who the final report is to go to. Brad Hammond said the report goes to the review committee and then to the executive committee.

Brad said that he was to work with Nancy Hilger and Bob Schwarz on the duties of the Performance Committee and Acceptance Committee. Mike asked the members to give their report at the January meeting.

### Committee Appointments

Mike Moody suggested the committees be reconstituted. The Board needs to appoint two of its members to the Report Acceptance Committee.

(Brad and Mike reviewed the duties of the Performance Committee and Report Acceptance Committee)

Ben Zemaitis nominated Dick Traver to the Report Acceptance Committee. Brad Hammond seconded the motion. Brad nominated Bob Schwarz to the Report Acceptance Committee. Ben seconded the motion.

Ben Zemaitis moved to defer nominations to the Performance Committee to the January meeting. All were in favor of the motion and no opposed.

Web Page

### **New Business:**

Dick Traver gave an overview of the new web page for the Internal Audit Advisory Board and the peer review training process. An overview in printed form was presented to all of the members.

The members of the Board were presented with a copy of the schedule of meetings for the 1999 calendar year. Ben Zemaitis moved to approve the 1999 schedule of meetings. Dick Traver seconded the motion. All were in favor and no opposed.

Brad Hammond stated that the Board's bylaws require to appoint non-board members to the (audit managers) group. He asked if the bylaws could be changed.

Brad Hammond said that the (audit managers) group has never met. We have appointed Mark to be the spokesperson. Mike said there is nothing in the Board's rules as to how the managers are selected. Dick Traver suggested that the Board schedule an audit managers meeting. Mike asked if anybody had a topic. Ben suggested that the web cite and peer review training could be a topic. Brad Hammond said that the Board would need to let them know ahead of time. Ben suggested doing it in January. Mike Moody said he would get in touch with Mark Krell. In January, we will hold the Board meeting and then invite the chief internal auditors to discuss the web page and peer review training program.

### **Announcements:**

Vacancy at CDB in January.

### **Next Meeting:**

None.

### **Adjournment:**

Mike Moody noted that the meeting was adjourned at 11:07 p.m.