

May 11, 1999

The regular monthly meeting of the State Internal Audit Advisory Board was held on May 11, 1999, at the Illinois Department of Collections, Springfield, Illinois. Chair Nancy Hilger called the meeting to order at 9:45 a.m.

Members Present:

Nancy J. Hilger - Chair- Department of Commerce and Community Affairs
Bradley W. Hammond - Department of Natural Resources
James S. Reid - Office of the Attorney General
C. William Coons - Department of Professional Regulation
Barbara Ringler - Office of the Treasurer

Members Absent:

Richard O. Traver - University of Illinois
Robert Schwarz - Vice Chair - Department of Central Management Services
Stan Brown - Office of the Comptroller

Guests:

Mark Krell - Department of Corrections

Minutes:

The minutes from the March 22, 1999 meeting were reviewed by the Board prior to this meeting. Bill Coons requested one change made on page 2 "Appointments to Board" in the first sentence. He requested the word "reelection" be replaced with "reappointment." With the change made, a motion was made by Brad Hammond to accept the minutes. This motion was seconded by Bill Coons. All were in favor. No were opposed.

Old Business:

Peer Review

Brad Hammond asked if the peer review committees (Executive, Report Acceptance, Performance) had been created at the last meeting. Chair Hilger responded that they had not. Brad Hammond stated that Public Health and the Attorney General's Office are the only outstanding peer reviews. Chair Hilger stated that she currently has EPA's workpapers reviewed and will contact the other members of the Executive Committee to finalize this review. She also has the workpapers for the Secretary of State (SOS) that have been reviewed by Dick Traver who felt that it was apparent that this Board needed detailed guidance to teams on what is a "reportable condition." Dick also reported that he agreed with the Chief Internal Auditor at SOS

that the issues raised from that review were guidance violations, not standards violations. Although, he recommended to issue the report as is because it was so old. A general discussion was held and it was decided to issue the report as it stands. Chair Hilger will ask Dick Traver to prepare guidance on what are "reportable conditions" to distribute to the upcoming peer review teams.

Brad Hammond stated that he had provided a peer review schedule at an earlier meeting. Once the Executive Committee approves this schedule, he will begin building the teams. Chair Hilger stated that the Executive Committee will review/approve the upcoming peer review listing and forward on.

There was a general discussion on the confidentiality of the peer reviews. No copies of peer review reports should be given to anyone except to the agency being reviewed. If the individuals who performed the peer review want proof of the work they performed, the head of the peer review team or Performance Committee should send a letter to the individual confirming the hours were spent performing the review. The Performance Committee will also send a CPD certificate for the allowable hours. Chair Hilger requested that Brad Hammond draft up the confidentiality policy for this Board to review at the next meeting. After approved, she will draft a letter to all audit managers distributing a copy of this policy for future reference. This letter will also contain the procedures for whom to contact if the peer review process is not running smoothly.

Bill Coons began a discussion on peer review training. He stated that we currently have a long and short form and that since we are changing to an automated format, this Board will need to change and adopt our rules, regulations and by-laws. He also felt that this Board needs to look at the automated process again before distributing it for use. Brad Hammond stated that currently it is easier to print off the forms and fill them out by hand. Bill Coons made a motion to review and explore the diskette prior to distribution for use. Brad Hammond will print out the master diskette for Bill Coons and Jim Reid to review and bring their findings back to this Board for discussion.

Brad Hammond stated that the next peer reviews will begin at the beginning of FY2000 and FY2001. Each peer review team will be directed at the beginning of the process that the review is to be performed and completed by the end of the fiscal year in which it begins.

Chair Hilger asked Barbara Ringler if she would volunteer to serve on a peer review committee. Barb responded that she would serve on whatever committee needed help. Brad Hammond gave a brief overview of each committee's purpose. Mark Krell made the recommendation that Barb Ringler and Lesslie Morgan serve on the Report Acceptance Committee and Fred Lehrman serve on the Performance Review Committee. All agreed. Fred Lehrman and Lesslie Morgan will be contacted by Chair Hilger to see if they would serve on these committees.

Chair Hilger asked Brad Hammond if he intended to give the upcoming peer review teams guidance as to how long each phase of the peer review should take. Brad responded that he is going to give timeframes to the audit managers for review/approval within 30 days of submittal.

Chair Hilger responded that this should resolve the timeframe problems we have had in the past, understanding that circumstances may arise that cause a time extension.

New Business:

Board Replacements

There was a general discussion of candidates for appointment to the Board. It was decided by all Board Members present that the formal Board nominees will be Mark Krell (appointment), Bill Coons (reappointment), and Fred Lehrman (appointment). If Fred is unable to accept, Lesslie Morgan will be the nominee. Chair Hilger will forward a letter to the Governor's Office for review/approval and will copy each nominee and their Directors/Heads of Agencies.

Bill Coons and Mark Krell will have their Director's compose letters to the Governor's Office recommending their appointments to this Board. A review of the committees was given: Performance Committee - Brad Hammond, Fred Lehrman; Report Acceptance Committee - Dick Traver, Barb Ringler, Lesslie Morgan; Executive Committee - Chair Hilger, Vice-Chair Schwarz, Mark Krell.

EDP Auditor

Bill Coons, stated he is trying to create an EDP auditor position at the IL Department of Professional Regulation and has had several problems with CMS. He feels this Board should meet with CMS to discuss this problem. A general discussion was held. The Board Members present suggested that Bill contact Vice-Chair Schwarz at CMS to discuss this problem and develop a possible solution.

Announcements:

Brad Hammond made the announcement that he feels auditors from code agencies should get involved in the Governor's Statewide Performance Review. A general discussion was held.

Next Meeting:

Due to the size of the conference room and the lack of parking at the Department of Corrections, Chair Hilger will check with the Department of Agriculture to see if the remainder of the IAAB meetings can be held at their facility. She will inform the Board prior to the next meeting scheduled for June 8, 1999 at 9:30 a.m.

Adjournment:

A motion to adjourn the meeting was made by Bill Coons and seconded by Jim Reid. The meeting was adjourned at 11:15 a.m.