

August 10, 1999

The regular monthly meeting of the State Internal Audit Advisory Board was held on August 10, 1999, at the Illinois Department of Collections, Springfield, Illinois. Chair Nancy Hilger called the meeting to order at 9:35 a.m.

Members Present:

Nancy J. Hilger - Chair- Department of Commerce and Community Affairs
Bradley W. Hammond - Department of Natural Resources
C. William Coons - Department of Professional Regulation
Barbara Ringler - Office of the Treasurer
Robert Schwarz - Vice Chair - Department of Central Management Services
Richard O. Traver - University of Illinois
Stan Brown - Office of the Comptroller

Members Absent:

James S. Reid - Office of the Attorney General

Guests:

Mary Fritz - Department of Public Aid

Minutes:

The minutes from the May 11, 1999 meeting were reviewed by the Board prior to this meeting. A motion was made by Bill Coons to accept the minutes. This motion was seconded by Vice Chair Schwarz. All were in favor. No were opposed.

Old Business:

None

New Business:

Peer Review Teams

Brad Hammond - The Executive Committee has approved the 5-year peer review schedule (9 reviews per year). Seven of the nine teams are already constructed for the first round/year of peer reviews. The letters to these seven audit managers will be distributed this week notifying them of the potential members on their teams and that they may reject one of the members, if desired. As soon as Brad receives feedback from the audit managers, he will send out official notices to the individual teams informing them that each team is to decide on a mutually agreeable date for

field work to begin with the auditee. The letter will also inform them that this date can be anytime during FY2000. However, all peer reviews must be completed and the workpapers and draft reports submitted to the Report Acceptance Committee by June 30, 2000 or within 30 days after their fieldwork is completed. The other two peer review teams are in the Chicago area. Fred Lehrman should have these Chicago teams constructed this week. Chair Hilger - DCCA Division of Audits has two staff in our Chicago office that could be trained and used in the peer review process, if needed. Brad Hammond - He will compose a letter to the agencies who are scheduled for a peer review in the next two years notifying them of their upcoming scheduled peer review. He will copy Chair Hilger on this letter. All agencies who are scheduled for a peer review this year have already been notified.

Review of Peer Review Document

Bill Coons - Jim Reid and Bill Coons have started a review of the peer review training disk. They feel there are some terms that need to be more definitive because they leave an open interpretation. They also feel there is a need to clarify what is "reportable." They have discussed these changes with Dick Traver. Chair Hilger - Will this update/review be completed by the Board's next meeting in September? Bill Coons - This would be their goal. Brad Hammond - Requested that Bill and Jim look at a few of the issues that are identified as sample findings. Bill Coons - These would be looked at as well.

Chair Hilger - Asked Dick Traver how he is advancing on constructing guidance to the peer review teams on reportable conditions. Dick Traver - They are providing more definition towards reportable conditions in the training materials. Chair Hilger - What is the current training schedule? Brad Hammond - The training is going to be Internet based. It will be tested prior to final distribution to all the peer review teams. Chair Hilger - If this additional guidance is on the Internet, it will need to be conveyed to all team members. Can the training package on the Internet be downloaded and printed? Dick Traver - He has not tried to print from these training materials, but assumes you could. Chair Hilger - Some people may not feel comfortable if they do not have a paper product to work from. With the current training product that is out on the Internet, could someone actually complete a peer review on-line? Dick Traver - This is really just training, but there are some questionnaires and letters that could be downloaded or printed and used. Chair Hilger - Do we think we could have this training instrument up and operational by the end of September? Dick Traver, Bill Coons - They felt this was a reasonable time frame. Chair Hilger - Asked Bill Coons if he could label this Internet-based training tool by what a trainee should copy or have electronically to organize it from a training tool to a practical application. Bill Coons - He feels this is already evident in the current application. There is an area that lists materials the peer review team will need for review. This area could be printed and sent to the Chief Internal Auditor of the auditee requesting them to provide this information to the peer review team prior to the on-site visit. This would most likely eliminate at least one day in the field for the peer review team. Brad Hammond - The Board established CPD limitations for peer review based on actual field work. Chair Hilger - She feels that it should be counted as field work, therefore CPD, regardless of location. Brad Hammond - Suggested letting each team leader decide on the number of hours, acceptable for in-house review. Chair Hilger - Asked if all present were in agreement, and to have all above completed by September 30th. All agreed. A progress report will be presented at our September meeting.

Committees

- Chair Hilger confirmed the following:
- Performance Committee: Brad Hammond, Fred Lehrman
- Report Acceptance Committee: Barb Ringler, Dick Traver, Lesslie Morgan
- Executive Committee: Chair Hilger, Vice-Chair Schwarz, Mark Krell
- Appointments to the Board - Bill Coons, Fred Lehrman, Mark Krell These appointments are being sent to the Governor this week for review.

Chair Hilger reported she had recently sent out the peer review reports for the Secretary of State and the University of Illinois. EPA, Public Health, and the Attorney General's Office still need to be reviewed. Chair Hilger will try to get EPA's peer review problems resolved in the near future. Public Health's peer review will be re-performed next year, and Brad Hammond will get a status update on the Attorney General's peer review.

A general discussion was held regarding auditee/team conflict resolution.

Chair Hilger - Kevin Carhill of the Auditor General's Office is checking to see whether or not agencies have had peer reviews performed every three years. Mary Fritz - Spoke with Carol Kraus from a CPA firm used by the Auditor General's Office who reported that Kevin Carhill reported to her that there could be a finding on an agency who had, not had a peer reviewed performed on them every three years. She gave Carol Kraus a copy of their previous peer review and reported to her when they were scheduled for the next peer review. Brad Hammond - He contacted Bruce Bullard of the Auditor General's Office who has agreed to meet with members of this Board to discuss this issue. Chair Hilger and Brad Hammond will report what was discussed/decided with Mr. Bullard at the September Board meeting. A general discussion was held.

Announcements:

Brad Hammond - When soliciting volunteers for the peer review teams, several auditors inquired as to when the next audit managers meeting was going to be held. A general discussion was held. All agreed an audit managers meeting was a good idea. Chair Hilger asked if anyone would be willing to coordinate this group meeting. Vice Chair Schwarz and Brad Hammond volunteered.

Brad Hammond - Comptroller's Seminar on SEA Reporting - They are linking this with the Governor's initiative on performance review and strategic planning. All agencies must establish formal quality improvement programs.

Chair Hilger - The Secretary of State Chief Internal Auditor position is still vacant.

Next Meeting:

Due to the size of the conference room and the lack of parking at the Department of Corrections, Barb Ringler will check with the Department of Agriculture to see if the remainder of the Board meetings can be held at the Department of Agriculture. She will inform Hilger who will, in turn,

inform the remainder of the Board prior to the next meeting scheduled for September 14, 1999 at 9:30 a.m.

Adjournment:

A motion to adjourn the meeting was made by Bill Coons and seconded by Vice Chair Schwarz. The meeting was adjourned at 11:10 a.m.