

**February 13, 2002**

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A regular meeting of the State Internal Audit Advisory Board was held on February 13, 2002, at the Capital City Center, Springfield, Illinois. The meeting was called to order by Chair Barb Ringler at 10:04 A.M.

**Members Present:**

Barbara Ringler - Chair - Office of the Treasurer  
Lesslie D. Morgan - Vice-Chair - Department of Insurance  
Carol Kraus - Office of the Comptroller  
Robert Schwarz - Department of Central Management Services  
C. William Coons - Department of Professional Regulation  
Stephen D. Kirk - Capital Development Board  
Nancy J. Hilger - Department of Agriculture  
Bradley W. Hammond - Department of Natural Resources  
Kathleen Moreno - Eastern Illinois University

**Members Absent:**

James S. Reid - Office of the Attorney General  
Al DiSilvestro - IL Secretary of State

**Minutes:**

The Board reviewed the minutes from the January 8, 2002 meeting. A motion was made by Mr. Schwarz and seconded by Ms. Kraus to accept the minutes. All approved the motion.

**Old Business:**

**Peer Review**

Ms. Morgan reported that:

- The Illinois Commerce Commission Peer Review has been sent to the Executive Committee for issuance.
- Capital Development Board's Peer Review has been issued.
- Treasurers' Peer Review has been issued.
- Board of Education - First review has been completed and second review is assigned.
- Chicago State University - Second review completed.
- State Universities Retirement System is forthcoming.
- Professional Regulations - Fieldwork has been completed.
- Western Illinois University - Completed but Review Committee has not received the work papers.

Ms. Morgan reported that within the next month the Committee should be able to recommend acceptance of the Chicago State University Peer Review Report for Executive Committee issuance and complete the Board of Education second review.

A discussion followed concerning a question to Chair Ringler regarding the new standards for Peer Review and permission for a Peer Review team. The Board stated that two individual Agencies should not arrange to have each other's staff conduct Peer Reviews and Peer Review should include two different people from two different Agencies to lessen the appearance of a conflict of interest and to gain different perspectives from other peers. Peer Review team members are required to be approved by the Board prior to conducting Peer Review.

### **Board Membership Recommendations to Governor**

Chair Ringler contacted the Governor's Office in regards to the recommended reappointments of Mr. Kirk and Mr. Coons to the State Internal Audit Advisory Board. The issue is to be presented to the Governor this week.

### **Spring Retreat Discussion**

Board members were asked to submit ideas of issues that speakers could address. Topics suggested were:

- Procurement Card - Mr. Schwarz and Ms. Kraus will seek speakers.
- PKI
- Peer Review
- FCIAA
- Risk Assessment - Entity Wide.
- Business Continuity Plans
- Governor's Homeland Security Committee
- Auditor General's Staff with updates on important/current issues.

Mr. Schwarz will contact the individuals assigned to oversee the PKI and Governor's Homeland Security Committee to see if they would be available to make a presentation at the May Manager's Meeting.

### **FCIAA Vote**

Mr. Kirk reported that he met with Jim Kaitschuk of the Governor's Office regarding the FCIAA revisions. Mr. Kaitschuk stated that due to the closeness of the vote that they suggest the Board not move forward with the revisions. Kevin Wright of the Governor's Office volunteered to mediate between the two parties to see if they could come to some type of consensus.

After discussion the Board decided to work out internal differences before talking to the Governor's Office. Mr. Kirk will report to the Governor's Office that the Board appreciates the offer but we will work out issues in-house before moving forward.

## **Adopted SIAAB Standards**

Ms. Morgan reviewed the new IIA Standards and prepared a SIAAB Standards draft revision that correlated with the IIA's revised Code of Ethics and CPE Requirements. After discussion by the Board and with a few minor changes, Mr. Coons moved and Mr. Schwarz seconded to adopt the SIAAB Standards effective March 1, 2002. (See Attachment A). All were in favor.

## **Adopting IIA Standards**

After discussion on adopting the new IIA standards, Ms. Morgan moved and Mr. Coons seconded that the Board adopt the IIA's Standards for the Professional Practice of Internal Auditing as they stand on February 13, 2002 (Attachment B). All were in favor. The Board adopted the Attribute, Performance and Implementation Standards for Assurance Engagements and postponed the adopting of the Implementation Standards for Consulting Engagements until finalization by IIA and subsequent review by the Board.

## **Volunteers for Peer Review Committees**

Chair Ringler reported that she has not received any further replies to the email sent to Chief Internal Auditors requesting volunteers for updating the Peer Review program to incorporate the new Standards. The new Chairperson will address this issue.

## **New Business:**

### **Election of Officers**

The election of officers for 2002 was held by secret ballot. The new officers are:

- Chairperson - Lesslie Morgan
- Vice-Chair - Stephen Kirk

The new officers will assume office at the March 12, 2002 meeting.

### **Miscellaneous**

Mr. Schwarz reported that Central Management Services' Bureau of Communication and Computer Services is proposing a statewide meeting on Security. After preparations are finalized Mr. Schwarz will send invitations via email.

## **Announcements:**

There were no announcements.

**Next Meeting:**

The next meeting will be held on March 12, 2002, at 2:00 P.M. at the Capital City Center, 130 W. Mason, Springfield, Illinois, in Room 103.

**Adjournment:**

A motion to adjourn was made by Mr. Kirk and seconded by Mr. Coons. All were in favor. The meeting was adjourned at 11:30 A.M.