

May 14, 2002

A regular meeting of the State Internal Audit Advisory Board was held on May 14, 2002, at the Capital City Center, Springfield, Illinois. The meeting was called to order by Chair Lesslie Morgan at 2:02 P.M. Due to a lack of a quorum, the meeting was reconvened at 2:12 P.M. under Adopted Motion #18.

If a quorum is not present, the presiding Chairperson may reconvene the meeting after ten minutes from the appointed time, in order to conduct regular business. (October 9, 2001).

Members Present:

Lesslie D. Morgan - Chair - Department of Insurance
Stephen D. Kirk - Vice-Chair - Capital Development Board
Robert Schwarz - Department of Central Management Services
Barbara Ringler - Office of the Treasurer
Bradley W. Hammond - Department of Natural Resources

Members Absent:

James S. Reid - Office of the Attorney General
Carol Kraus - Office of the Comptroller
Al DiSilvestro - IL Secretary of State
C. William Coons - Department of Professional Regulation
Nancy J. Hilger - Department of Agriculture
Kathleen Moreno - Eastern Illinois University

Minutes:

The Board reviewed the minutes from the April 9, 2002 meeting. A motion was made by Mr. Schwarz and seconded by Ms. Ringler to accept the minutes. All approved the motion.

Old Business:

Peer Review

Chair Morgan reported that per the prior minutes, the Chairpersons of each committee will give updates at each Board meeting.

- Revise Peer Review Bylaws To Correlate With IIA Standards Committee
 - Chairperson - Brad Hammond

Chair Hammond reported no updates, will meet with committee.

- Develop New Peer Review Program To Be Used By Teams Committee
 - Chairperson - Barb Ringler

Chair Ringler reported that the Committee met on May 14, 2002. The Committee reviewed the Standards, dividing them into sections the Committee recommends be topics within the Audit Program. The sections were divided into three parts so each Committee member could review a portion and write a program, reporting back and comparing notes with other Committee members in three weeks.

- Revise Online Peer Review Training Committee
 - Chairperson - Lesslie Morgan

Chair Morgan reported that she and Sharon Downen of Northern Illinois University and Kathleen Moreno of Eastern Illinois University will review the online course to assess what areas will be impacted by the Committee. The Committee will be reviewing each section and determining where they will be making changes.

Chair Morgan emailed and is awaiting a response from Eduardo Mascorro to see if he has the ability to send the online course in a Word document. This would enable Chair Morgan to distribute the document to her Committee members. Two Committee members are not in Springfield thus the Committee will work by attachments and emails.

Board Membership Recommendations to Governor

Chair Morgan reported the Governor's Office has approved the recommended reappointments of Mr. Kirk and Mr. Coons to the State Internal Audit Advisory Board, effective February 1, 2002. Mr. Kirk and Mr. Coons' terms will expire February 1, 2005.

Spring Retreat Discussion

Chair Morgan reported that preparations for the Managers' Conference on May 20-21, 2002 are nearly completed. Chair Morgan requested suggestions for topics for the breakout sessions.

After discussion it was decided to present a honorarium to Speaker Ben Zemaitis as he is not a State worker and is volunteering his time for the presentation. A motion was made by Mr. Schwarz and seconded by Mr. Hammond that a Gift Certificate of \$50.00 be presented to Mr. Zemaitis. All approved the motion.

FCIAA

Chair Morgan reported that most of the comments in regards to the past FCIAA "no" votes involved the OAG four areas, purchasing, expenditures, property and revenue, and believed that they were too constrictive and caused the approach to be a not true risk based approach.

Chair Morgan reported that she had contacted Jodi Swauger, Senior Manager of Technical Service at The Institute of Internal Auditors regarding prescriptive audit requirements and their

impact on risk based assessments. Ms. Swauger indicated that she could not give a blanket response but did say that many industries do require certain areas to be audited each cycle because of the risk associated with those areas, however, including the specific areas would not cause the risk assessment to not be a true-risk based approach. Ms. Swauger indicated that using an annual entity wide risk assessment linking the audit plan to risk and exposure may enable smaller agencies to justify and document that one or more of the required areas were not high risks.

Chair Morgan and Mr. Kirk met with Bruce Bullard of the Office of the Auditor General on May 7, 2002 to be updated on any issues that the Audit Managers should be made aware of, Mr. Bullard reported there were no issues other than GASB 34. Mr. Bullard indicated that he would be willing to review proposed changes in the FCIAA language as a result of the discussions with the Audit Managers.

New Business:

Chair Morgan reported that some Board members have reported a conflict in scheduling with the Board's Tuesday meetings. Ms. Easley will send a survey to the board members requesting available meeting times and will report back to the Board at the June meeting.

Announcements:

No announcements.

Next Meeting:

The next meeting will be held on June 11, 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. Schwarz and seconded by Ms. Ringler. All were in favor. The meeting was adjourned at 3:00 P.M.