

**August 14, 2002**

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A regular meeting of the State Internal Audit Advisory Board was held on August 14, 2002, at the Capital City Center, Springfield, Illinois. The meeting was called to order by Chair Lesslie Morgan at 10:00 A.M.

**Members Present:**

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

**Members Absent:**

James S. Reid - Office of the Attorney General  
Al DiSilvestro - IL Secretary of State  
C. William Coons - Department of Professional Regulation  
Nancy J. Hilger - Department of Agriculture

**Minutes:**

The Board reviewed the minutes from the July 10, 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***

Executive Committee reported Illinois State Board of Education report was issued on August 13, 2002.

Review Committee reported State Employee Retirement System report is at the 2<sup>nd</sup> level.

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

Chair Brad Hammond distributed proposal; Chair Morgan suggested changes for Board review and approval. After reviewing, a motion was made by Mr. Schwarz and seconded by Ms. Ringler to accept the By-laws with the changes agreed to by the Board. All approved. The final By-laws are attached.

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

Ms. Ringler inquired about the availability of the IIA's new peer review program to be used by the Review Committee. Mr. Schwarz mentioned that CMS had received a copy from the IIA and would transmit it to Ms. Ringler. Ms. Moreno will check on ACUA's activity.

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

Chair Morgan mentioned the online training program was waiting for Bylaws and new Peer Review Program. Committee is working on the Standards portion. Committee expects to meet the November deadline. The three committee members will perform the beta testing of the training program and quizzes; as such they will not be required to take the on-line tests.

The Board agreed that everyone must take the exam based on new Standards even if the individual passed the original exam.

***FCIAA***

Chair Morgan mentioned that the OAG will not make a decision regarding FCIAA until the new administration is in place.

***Consulting Standards***

Chair Morgan led a discussion of the IIA's consulting standards. Mr. Schwarz moved and Ms. Kraus seconded that the Board adopted the IIA's Implementation Standards for Consulting Engagements with the addition of the following taken from the GAO/GAS Amendment No. 3 Independence:

Auditors should not perform management functions or make management decisions; and

Auditors should not audit their own work or provide nonaudit services in situations where the amounts or services involved are significant/material to the subject matter of the audit.

***Early Retirement***

The Board has not received any nominees for SIAAB membership. This issue will be addressed later.

***New Business:***

***State and Local Government Conference***

Brochures have been delivered.

### ***University of Illinois Seminar***

University of Illinois seminar may be offered this fall. The two-day course will probably be "Art of Profiling" at an expected cost of \$295.00.

### **Announcements:**

No announcements.

### **Next Meeting:**

The next meeting will be held on September 11, 2002, at 10:00 A.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 11:50 A.M.