

STATE OF ILLINOIS
INTERNAL AUDIT ADVISORY BOARD

WEB ADDRESS: SIAAB.AUDITS.UILLINOIS.EDU

MINUTES

Board Meeting March 9, 2005

The regular meeting of the State Internal Audit Advisory Board was held on March 9, 2005 at the Capital City Center, Springfield, Illinois, Room 103. This meeting was called to order by Chair Barbara Ringler at 10:05 a.m.

Members Present

Barbara Ringler, Chair – Office of the Treasurer
John W. Cressman, Vice-Chair – Illinois Office of Internal Audit
Rusti Cummings – Office of the Comptroller
Kathleen Moreno – Eastern Illinois University
Lesslie D. Morgan – Office of the Attorney General
Al DiSilvestro – IL Secretary of State

Members Absent

None

Minutes

The Board reviewed the minutes from the February 9, 2005 meeting.

Ms. Morgan indicated the language in the first paragraph of the *Performance Committee* section stated that the Bylaws will remain as written, which is not correct, as the Bylaws do need to be changed. The last sentence of the first paragraph should read as follows: “After further discussion, the Board decided the optional IIA Practice Advisory 1330-1 (revised May 25, 2004) will not be adopted.” Ms. Morgan also brought to the Boards attention that the last paragraph states that a decision regarding the privacy framework and personal information of Ms. Moreno’s peer review matrix Sections 2100-8 and 2300-1 were tabled at the January meeting. Ms. Morgan stated that this was not correct as she understood that the Board had already accepted the language of the above stated sections. It was decided that the last sentence in the third paragraph “A decision regarding the privacy framework . . .” should be deleted and to insert the mandatory portion of Practice Advisory 2100-8 to be adopted: “**The Internal Auditing’s Role in Evaluating an Organizations Privacy Framework.** Internal Auditor’s Role: 1. Evaluate the privacy framework using third party experts, if necessary; 2. Identify the types and appropriateness of personal or private information gathered by their organization and whether its use is in accordance with laws, regulations, and policies; 3. If the Internal Auditor assumes any responsibility for developing and implementing a privacy program, the auditor’s Independence may be impaired.” and the mandatory portion of Practice Advisory 2300-1 to be adopted: “**The**

Internal Auditing’s Use of Personal Information in Conducting Audits. Internal Auditor’s: 1. Understanding and comply with all laws regarding the use of personal information in their jurisdiction and those jurisdictions where their organization conducts business; 2. In some cases, it may be illegal, to access, retrieve, review, manipulate, or use personal information in conducting certain internal audit engagements; 3. Seek advise from in-house counsel if there are questions or concerns.”

The ruling on accepting the above language had not been previously recorded, therefore, a motion was necessary at this meeting. Ms. Morgan made a motion to accept the wording of Sections 2100-8 and 2300-1 in Ms. Moreno’s peer review matrix template and Mr. Cressman seconded the motion. All Board members approved and the motion was passed.

Ms. Cummings indicated that there is a typo in the last line of the *IIA Position Statement*. The sentence should be changed to read as follows: “Although this proposal was discussed, a final decision was tabled until March to allow the members to locate The IIA’s Position Statement: *The Audit Committee in the Public Sector* and further research the proposal.”

A motion was made by Ms. Morgan to approve the minutes as amended. Mr. Cressman seconded the motion. All Board members approved and the motion was passed.

Old Business

Peer Review – Attributes Standards 1312 and 1330

Ms. Morgan distributed a draft copy of the Bylaw amendments to all Board members for review. Ms. Morgan suggested adding language to the second paragraph. The Board discussed the issue and decided to revise the second sentence in the second paragraph to read “An external assessment under the IIA Standards and the Board’s Peer Review Bylaws is required within five years of January 1, 2002 unless there is a major change in the organizational structure or leadership of an audit organization. The Board must approve all extensions of an Audit Organization’s peer review period.” A motion was made by Mr. Cressman to approve the draft with the above stated revision. Mr. DiSilvestro seconded the motion. All Board members approved and the motion was passed.

Peer Review – Template Format

Ms. Moreno had previously e-mailed a copy of the template to each Board member. Copies were distributed to Board members who did not have a copy at hand. Ms. Moreno explained that she combined the SIAAB’s audit program with the template table. There was a discussion to make format revisions. Ms. Morgan made a motion to forgo approval of the template until the next meeting to allow the Board to review the template. All Board members will e-mail comments and suggested revisions to Ms. Moreno by March 23rd. Ms. Moreno will e-mail revisions to Board members by March 30th.

Practice Advisory – Audit Committees

Mr. Cressman proposed that we establish standards for an organization to refer to if they deem an audit committee is appropriate for their organization. A lengthy discussion ensued as to whether the SIAAB or IIA is responsible for establishing such standards. This discussion included the IIA's current literature, the March 3, 2005 IIA press release regarding upcoming governmental position papers, and the potential impact of such standards on Illinois internal audit shops. The Board agreed to change the language to read as follows: "If an agency determines an audit committee is necessary for its internal audit function to achieve its independence under IIA Attribute Standard 1110 "Organizational Independence" the audit committee should follow the IIA guidance provided by the most recent corresponding practice advisory and position statements." Mr. Cressman made a motion to adopt changes to the template as SIAAB Guidelines. Ms. Cummings seconded the motion. Ms. Morgan recommended the changes be incorporated in the peer review template Standard 1110 SIAAB Guideline. A vote was taken, all Board members approved the above change and the motion was passed.

CPE Coordinator – Online Peer Review Training Update

Ms. Morgan reported that there were three additional people who recently registered for the online peer review examination. The three new registrants were from universities and as of today's meeting there were seven people who have completed the course.

Appointment of State College and University Board Member

There has been no response to the Board's original letter to the Board and Commissions Director of February 2004, requesting an appointment of a State College and University Board member. The Board equally agreed that they would like Ms. Moreno to continue to represent the state colleges and universities. Mr. Cressman suggested sending another letter to the Board and Commissions Director requesting the reappointment of Ms. Moreno. Ms. Cummings will send a copy of the original letter to Ms. Ringler who will in turn draft a letter with the Board's new request to the Board and Commissions Director. A carbon copy of such letter will be sent to all SIAAB Board members.

New Business

Peer Review Process – E-mail from ISAC Auditor

Ms. Ringler thanked the Board for the good comments in reference to the e-mail from ISAC auditor, Wendy Funk. It was decided that with the time constraints in the current meeting, rather than discuss the issue at this meeting, Ms. Ringler would draft an e-mail to all Board members.

HB0201 – FOIA – Public Universities

Ms. Moreno stated that she has heard from her External Relations Office and the U of I that they had spoken with Jay Hoffman who had been pushing the Bill. The Board discussed HB0201 and

raised some concerns about the impact it would have on the internal audit organization's ability to conduct audits under FCIAA. Mr. Cressman stated that he would inform the Board of the hearing that is taking place today, March 9, 2005.

Appointment of Performance and Executive Committee Members

The appointed Executive Committee members are Barbara Ringler, Chair; John Cressman, Vice-Chair; and Rusti Cummings, Past-Chair.

The Board had previously discussed having the following participate as Performance Committee members: Kathleen Moreno, John Cressman and Al DiSilvestro. There was a discussion in regard to possible other members to be included in the Performance Committee in the future.

Ms. Morgan made a motion to approve the above stated committee members. Ms. Cummings seconded the motion. All Board members approved and the motion was passed.

Holding Meetings in Chicago Periodically

Ms. Ringler suggested holding the SIAAB monthly meeting in Chicago three or four times per year. The Board agreed to hold the May 11th, September 14th and December 14th meetings in Chicago. The Board also agreed that the Chicago meetings should be held at 1:00 p.m. Mr. Cressman will look into reserving the JRTC's 9th floor video conference room. Ms. Ringler noted that she would have the changes posted on the website and at the room location. A motion was made by Ms. Cummings to revise the meeting schedule to include the above Chicago dates, time and location. Mr. Cressman seconded the motion. All Board members approved and the motion was passed.

Announcements

None

Next Meeting

The next meeting will be held on April 13, 2005 at 10:00 a.m. at the Capital City Center, 130 W. Mason, Springfield, Illinois in Room 103.

Adjournment

The meeting was adjourned at 12:44 p.m.