

**STATE OF ILLINOIS**  
**INTERNAL AUDIT ADVISORY BOARD**  
WEB ADDRESS: [HTTP://SIAAB.AUDITS.UILLINOIS.EDU](http://SIAAB.AUDITS.UILLINOIS.EDU)

**MINUTES**  
**Board Meeting March 8, 2006**

The regular meeting of the State Internal Audit Advisory Board was held on March 8, 2006 at the Capital City Center, Springfield, Illinois, Room 103. Chair John Cressman called the meeting to order at 10:12 a.m.

**Members Present**

John W. Cressman, Chair – Illinois Office of Internal Audits  
Lesslie D. Morgan, Vice-Chair – Office of the Attorney General  
Barbara Ringler, Office of the Treasurer  
Rusti Cummings – Office of the Comptroller  
Al DiSilvestro – IL Secretary of State (via phone)  
Kathleen Moreno – Eastern Illinois University (Term to 2/1/04) (via phone)

**Guest Present**

None

**Members Absent**

None

**Minutes**

The Board reviewed the minutes from the February, 2006 meeting. A motion was made by Ms. Ringler to approve the minutes. Ms. Morgan seconded the motion. All were in favor. The February 8, 2006 minutes were approved.

**Reports/Updates**

A new category was added to the agenda “Reports/Updates” to be more free form and include reports and updates. Now that we have a performance committee forming this will be an appropriate place to discuss this.

### *CPE Coordinator – Online Peer Review Training Update*

Ms. Morgan informed the Board that to date there has been thirty-eight in state and two out-of-state individuals who have taken and completed the on line IIA training course. Most recently, there has been seven individuals who had successfully completed the course since the February 8<sup>th</sup> Board meeting.

### **Old Business**

#### *Performance Committee*

Mr. Cressman will send a reminder letter to Chief Internal Auditors about the External Review Process and request feedback as to where they are on obtaining team members. At the same time we need to let them know who the members are to the Performance Committee. If they're going to apply they need to set their timetable so that they can get the draft reports to the board by October 1<sup>st</sup>. There are a number of Chief Internal Auditors who haven't sent anything in yet, and we really need the applications by June. Ms. Morgan stated the Board's Bylaws (Section 4.3) requires Chief Internal Auditors to submit the names of members of their review teams for approval at least sixty days prior to the scheduled start of the review. This is necessary to ensure that the members of the review team have the required qualifications, independence and training. Ms. Cummings said a recommended time table so the Board can approve the requests would be May 31<sup>st</sup>. Mr. Cressman said he would draft a letter to be sent to the Chief Internal Auditors.

Mr. Cressman recommended that Ms. Morgan Chair the Performance Committee, Ms. Morgan accepted the position.

#### *Statement of Independence and Confidentiality Policy*

Ms. Ringler made the motion to approve the Statement of Independence and Confidentiality Policy for Governor's State University. Ms. Morgan seconded the motion, the motioned carried.

A continuation of old business is Chicago State University. However after closer examination the Statement of Independence and Confidentiality Policy was not included, Mr. Cressman said Mr. Meehan would be contacted.

### **New Business**

#### *External Review Team Approval Request – Northeastern University*

The Board reviewed the request from Ron Cierny of Northeastern University to have Jay Mages of TITUS of Chicago and Brian Kruk of TITUS of Milwaukee, Wisconsin perform his external review. Ms. Ringler made a motion to approve the team members to conduct Northeastern University's external review. Ms Morgan seconded the motion. All were in favor. Northeastern University's request for Team Approval was approved and the motion carried.

Ms. Morgan indicated that both team members selected for the Northeastern University had successfully completed the SIAAB's Online Training Course

Mr. Cressman asked if everyone had seen the summary in the brochure from the IIA, which talked about assessments. It kept under lining external. Mr. Cressman is concerned that while we are all separate agencies we really all work for the same company, the State of Illinois and would our validators be considered validators or external validators? Ms. Morgan recommended reviewing IIA's Practice Advisory 1312-2 and 1312-1 which discusses the qualifications of external validators. The Board has a process in place to identify potential independence issues prior to granting approval of team members and requires the Performance Committee to perform a subsequent review prior to release of the external review or self-assessment report. This provides a secondary level of review that is not normally done by other audit organizations. An external review is not the same as a self-assessment with independent external validation. Ms. Morgan said we could go to the IIA and ask for clarification before we go any further. The Board discussed the external assessment/self-assessment schedule and Mr. Cressman recommended that we change the top of the fifth column from Type of Peer Review to Type of Review so that the type of review, external review or self-assessment could be shown in the column. Self-assessment and External Review. Mr. Cressman said he would call the IIA to get their input.

### *Expectation of Valuator's' Workpapers*

At the last meeting there was a brief discussion of what the expectations would be on valuator's work papers. One of the things discussed was to get the performance committee together this month to discuss what expectations are. It was noted that there should be some examples. Also needed is a review of 1312-2 to see who actually prepares report. The performance committee will list expectations.

### *Charter Approval Question*

Ms. Sharon Downen of Northern Illinois University requested further clarification from the Board pertaining to who was responsible for approving the organization's charter. The Board's Audit Requirements Matrix (Item I.d) requires verification that "The Director of the Agency has approved the Charter". The IIA's attribute Standard 1000 States that the charter should be approved by the board. The IIA states that "a board is an organization's governing body, such as a board of directors, supervisory board, head of an agency or legislative body, board of governors or trustees of a non profit organization, or any other designated body of the organization including the audit committee, to whom the chief audit executive may functionally report. In review of the Matrix, Ms. Morgan stated the State audit organizations are also subject to the Fiscal Control and Internal Auditing Act (30 ILCS 10/2002(b) which states that the chief internal auditor shall report directly to the chief executive officer and shall have direct communication with the chief executive officer and the governing board if applicable, in the exercise of auditing activities". It was decided by the Board, that Item 1(d) of the Matrix should be revised from "The Director of the Agency has approved the Charter. (AS 1000)" to "the chief executive officer and the governing board, if applicable has approved the charter, [AS 1000 and 30 ILCS 10/2002(b)]. Everyone was in agreement and Ms. Moreno agreed to contact the webmaster so that the revision could be made. Mr. Cressman will contact Ms. Downen.

### **Announcements**

None

### **Next Meeting**

It was decided the next meeting will be moved from April 12<sup>th</sup> to April 19, 2006 at 1:00 p.m. at the James R. Thompson Center, 9<sup>th</sup> Floor Video Conference Room, 100 West Randolph Street, Chicago or the Stratton Office Building, Room 500½, 401 South Spring, Springfield.

### **Adjournment**

A motion to adjourn was made by Ms. Ringler and seconded by Ms. Cummings. All were in favor. The meeting was adjourned at 11:24 a.m.