

State of Illinois

Internal Audit Advisory Board

Web Address: [HTTP://SIAAB.AUDITS.UILLINOIS.EDU](http://SIAAB.AUDITS.UILLINOIS.EDU)

MINUTES

Board Meeting April 12, 2007

The regular meeting of the State Internal Audit Advisory Board was held on April 12, 2007 at the Capital City Center, Springfield, Illinois, Room 104 with video conferencing available at the JRTC Room 9035. Chair Lesslie D. Morgan called the meeting to order at 10:00 a.m. Per Ms. Morgan's request, Rusti Cummings, SIAAB Member, recorded the minutes.

Members Present

Lesslie D. Morgan, Chair –Office of the Attorney General
(In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
Barbara Ringler, Office of the Treasurer
(In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
Rusti Cummings, Office of the Comptroller
(In Person/CMS Video Conference Room #104 Capital City Center, Springfield)

Note: The CMS Video Conference Room #9035 on the 9th floor of the James R. Thompson Center (JRTC) Chicago was also available for this meeting.

Members Absent

Al DiSilvestro, Office of the Secretary of State
Carol Kraus, Illinois Office of Internal Audit

Guests

Kathleen Moreno, State University Civil Service System
(In Person/CMS Video Conference Room Capital City Center, Springfield)

Minutes

Upon discussion of the minutes, a motion was made by Ms. Cummings and seconded by Ms. Ringler to approve the minutes for March 14, 2007 as amended. (It was determined that the **Old Business** section should include the description of the changes to the Matrix to maintain a record of what changes were made and when.) All Board members were in favor. The motion carried.

Reports/Updates

CPE Coordinator – Online Peer Review Training Update

Ms. Morgan indicated that, since the last meeting, there were no additional individuals registered for the online training course and there are currently no candidates in the process of taking this course.

Performance Committee

In compliance with the SIAAB Bylaws “**4.2 PERFORMANCE COMMITTEE**”

The Performance Committee shall be comprised of at least three (3) members selected by the Chair and approved by the Board. The Board’s Chair shall appoint the chair of the Performance Committee. All members of the Performance Committee must be members of the Board or the Chief Internal Auditor or Audit Manager of a State Audit Organization. Members shall serve a one year term, but may be reappointed and serve until replaced. “

This requirement raised a question about Ms. Moreno eligibility to serve as a Performance Committee member. It was acknowledged that Ms. Moreno was originally appointed to the Board as employee of Eastern Illinois University. Since she recently accepted a position with the State University Civil Service System (SUCSS), Ms. Moreno’s position on the Board is now vacant and subject to the Governor’s appointment process. The Board also discussed how the Fiscal Control and Internal Auditing Act (30 ILCS 10/1003) and Ms. Moreno’s new position impacted her ability to serve as a Performance Committee member. The Board reviewed the statute’s definition of “designated State agencies” and “State agency”. It was decided that SUCSS was a state agency since it is audited by the Auditor General’s Office under the Illinois State Auditing Act. However, SUCSS is not a “designated State agency” since it was not explicitly listed in the statute or designated by the Governor under Section 2001. As a “State agency”, Ms. Moreno was eligible to serve as a Performance Committee member. Ms. Moreno requested to have SUCSS included in the SIAAB’s State Internal Audit Managers Group listing and indicated that she would be pursuing the “designated state agency” status by contacting the Governor’s Office and the Illinois Office of Internal Audit. If such designation could be achieved, Ms. Moreno expressed interest in being considered as a candidate to serve on the Board.

Ms. Cummings (Comptroller’s Office) would serve as the Performance Committee chair. Ms. Moreno (SUCSS) will serve as vice chair. Other Performance Committee members will include:

- Steve Hayward, State Universities Retirement Systems
- Stacy Smith, Teachers Retirement Systems
- Julie Zemaitis, University of Illinois.

Rick Papuga indicated he would not be able to serve as a Performance Committee member at this time. Ms. Ringler motioned to add Ms. Zemaitis. Ms. Cummings seconded the motion. All were in favor and the motion was approved.

Western Illinois University report draft and matrix were delivered by Ms. Moreno to Ms. Cummings. This will be assigned when Ms. Morgan receives the confidentiality and independence forms from the Performance Committee members.

Ms. Morgan reported that she had been in communication with Ms. Rebecca Litton from Eastern Illinois University to discuss the peer review follow-up protocol.

Ms. Cummings presented a spreadsheet for audit organizations to use to summarize the External Assessment and Independent Validation Follow-up. The Board members suggested changes to this document. These changes will be made by Rusti and presented at the next Board meeting.

Old Business

Matrix

Ms. Morgan had been reviewing the matrix. Based upon her notations, the Board acted on November 15, 2006 to revise the Matrix by changing the last sentence of Attribute Standard 1330 to read as: "The explanatory paragraph is required to be included in each report released by the audit organization until a subsequent review has been conducted by an external validator verifying that appropriate corrective action has been taken and approved by the SIAAB." It had previously stated "... until the Office of the Auditor General has verified that appropriate corrective action has been taken." This change had not been recorded in the November 15th minutes. Ms. Cummings motioned to amend the November 15th minutes to clarify the content of this change and provide a historical timeframe for this change. Ms. Ringler seconded the motion and it carried. An addendum will be added to the November minutes.

Ms. Morgan also noted that the wording in Performance Standard 2340, step 1.c.2 did not consider that some audit organizations use electronic workpapers and should read "Be signed or initialed and dated by the internal auditor performing the work (manual workpapers) or an electronic name/date/time stamp (electronic workpapers). In addition, step 1.c.4 should be changed from "Contain audit verification symbols or tickmarks that are explained." to read "An explanation for audit verification symbols or tickmarks, if used." This would clarify that such explanation was only necessary if symbols or tickmarks were used. The Board members agreed with both of these changes.

Training Conference

Ms. Morgan reported that a poll of the State Internal Audit Managers Group identified October 15th and 16th as the best dates for a SIAAB training conference. There was one university organization indicated that October was very busy with many university related conferences but two other universities responded that October was the best because of concerns for weather and road conditions in December. Mr. Bruce Bullard had responded that he was in conference with Mr. Holland regarding the availability of the Auditor General's Office to speak on these dates. Ms. Ringler motioned that the Fall

SIAAB Training Conference be held on October 15th and 16th. Ms. Cummings seconded the motion and it was approved. Ms. Morgan has also made arrangements for representative from the Attorney General's Office to speak about the Freedom of Information Act and Open Meetings Act as well as the need to secure confidential data and identity theft.

New Business

Standards Update

Ms. Morgan reported that the GAO issued new standards on February 1, 2007 to be effective January 1, 2008. The changes relate to CPE requirements for 80 hours every two years and to an auditor's independence as it relates to pre-implementation reviews. Although these changes were not to the two GAO standards adopted by the SIAAB Bylaws, Ms. Morgan requested the Board members review these changes for future discussion.

Announcements

The next regular meeting will be May 9, 2007 -- 10:00 a.m. at the Capital City Center's Video Conference Room 104, 130 West Mason, Springfield, Illinois. For those attending via video conference in Chicago, the JRTC Room 9035 has been reserved.

All Board members were requested to consider alternative dates for the scheduled June 13th meeting. It was anticipated that Ms. Cummings would not be able to attend on that date, Ms. Morgan had some dates unavailable that month, and the Office of the Auditor General's two day training has been scheduled for June 5th and 6th.

Adjournment

A motion to adjourn the Regular Session was made by Ms. Ringler and seconded by Ms. Cummings. Motion was passed at 1:00 p.m.

Board Committee Meetings

Performance Committee—No meeting was held.

Executive Committee – No meeting was held.