

STATE OF ILLINOIS

INTERNAL AUDIT ADVISORY BOARD

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

MINUTES

Board Meeting July 11, 2007

Call to Order

The regular meeting of the State Internal Audit Advisory Board (SIAAB) was held on July 11, 2007 at the Capital City Center, Springfield, Illinois, Room 104 with video conferencing available at the JRTC, Chicago, Illinois, Room 9035. Chair Lesslie D. Morgan called the meeting to order at 10:00 a.m. Per Ms. Morgan's request, Denise Behl, Financial/Compliance Internal Auditor at the Office of the Attorney General attended and recorded the minutes.

Roll Call

Members Present

- Lesslie D. Morgan, Chair – Office of the Attorney General (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
- Rusti Cummings, Vice-Chair – Office of the Comptroller (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
- Carol Kraus - Governor's Office of Internal Audit (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)

Members Absent

- Barbara Ringler - Office of the Treasurer
- Stell Mallios – Office of the Secretary of State

Guests

- Jim Busick – Office of the Secretary of State (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
- Julie Zemaitis – University of Illinois (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
- Denise Behl – Office of the Attorney General (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)

Minutes

The minutes of the June 21, 2007 meeting were reviewed by all present. A motion to approve the minutes was made by Ms. Cummings and seconded by Ms. Kraus, and motion carried.

Reports/Updates

CPE Coordinator – Online Peer Review Training Update

Ms. Morgan stated that no new requests to take the online training course had been received since the last month's meeting.

The Board discussed whether to reduce the number of CPE training hours to be allowed for taking of the Online Peer Review Course. There are no significant updates scheduled for the course and with so many internal auditors taking the course last year, because of the external quality assessment requirement, there is sufficient information to base the reduction. It currently allows 8 CPE hours for completion. It was agreed that the online course should be reduced to 4 CPE hours. Since there are currently no individuals registered for the online training course, now is the appropriate time to reduce the number of hours allowed. A motion to reduce the number of CPE from 8 hours to 4 hours was made by Ms. Cummings and seconded by Ms. Kraus, and motion carried.

Board Committees – Reviews Updates

Executive Committee – No new updates available.

Performance Committee – The Performance Committee Chair provided updates for NIU and WIU Peer Review Process at the end of the meeting. Due to board approval of Mr. Kincaid's Statement on Independence and Confidentiality Policy/Commitment Forms (see [New Business](#)), Mr. Kincaid will be assigned to perform the reviews of NIU and WIU.

Ms. Cummings reported that Mr. Steve Hayward would be assigned to perform the review for the Illinois Housing Development Authority.

Old Business

Fall Training Update

Ms. Morgan reported that the IIA has not met to discuss the co-sponsorship with SIAAB for the Fall Training. Ms. Morgan requested to go ahead and give notice to the State Internal Audit organizations so they may reserve the dates and be informed on the topics scheduled to be presented.

University Appointment

Ms. Kraus reported that there has been progress made in the appointment of the university vacancy but that it has not yet been finalized. It is expected to be finalized by the next board meeting.

The Board discussed adding more appointments to the Board so that there would be greater representation.

New Business

Performance Committee Member Approval

The Board reviewed Mr. Jim Kincaid's Statement on Independence and Confidentiality Policy/Commitment Forms. A motion to approve the forms was made by Ms. Kraus and seconded by Ms. Cummings, and motion carried.

Announcements

Ms. Morgan reported that there are revised Practice Advisories on the IIA website (revised May 16, 2007). The following Practice Advisories have been revised:

- PA 1310-1: Quality Program Assessments

***Communicating Results** - At least annually, the CAE should report to the board on the quality program efforts and results.*

- PA 1311-1: Internal Assessments
- PA 1312-1: External Assessments

***Independence** – “Independent of the organization” means not a part of, or under the control of, the organization to which the internal auditing activity belongs.*

Individuals in another department of the subject organization or in a related organization, although organizationally separate from the internal audit activity, are not considered independent for purposes of conducting an external assessment. A “related organization” may be a parent organization; an affiliate in the same group of entities; or an entity with regular oversight, supervision, or quality assurance responsibilities with respect to the subject organization.

To overcome concerns, there may be an appearance or reality of impairment of independence in instances such as those discussed in this section, one or more independent individuals could be part of the external assessment team – or scheduled to participate subsequently – to independently validate the work of that external assessment team.

- PA 1312-2: Self-Assessment with Independent Validation

The IIA has taken into account concerns an external assessment by a qualified, independent reviewer or review team may be troublesome for smaller internal audit activities or that there may be circumstances in other organizations where a full external assessment by an independent team is not deemed appropriate or necessary.

It was noted that the 5 year requirement has not changed. It was recommended that the Board review the revised Practice Advisories for discussion at the August Board meeting.

The Board also discussed that there have recently been new GAO requirements and SAS standards. It was recommended that the Board review these new requirements to discuss at the August Board meeting.

The Board began a discussion on the possibility of revising FCIAA requirements. The discussion was tabled until next meeting when all Board members could be present.

Ms. Kraus discussed possible governmental training that would benefit governmental internal auditors based on a training event conducted in Ohio on Fraud Investigation and other critical areas. The Board was asked to respond to Ms. Kraus with any feedback or ideas to create a beneficial training session for governmental internal auditors.

The Board reviewed the revised meeting schedule for the remaining calendar year 2007 as it is posted on the website. Special notice was directed to the time change for the September 12th and November 14th meetings to 3:00 p.m.

The next regular meeting will be August 8, 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.

Adjournment

A motion to adjourn the Regular Session was made by Mr. Busick and seconded by Ms. Kraus. Motion passed at 11:18 a.m.

Board Committee Meetings

Performance Committee – None.

Executive Committee – None.