

STATE OF ILLINOIS INTERNAL AUDIT ADVISORY BOARD

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

MINUTES

Board Meeting August 8, 2007

Call to Order

The regular meeting of the State Internal Audit Advisory Board (SIAAB) was held on August 8, 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)
- Carol Kraus - Governor's Office of Internal Audit (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)

Members Absent

- Rusti Cummings, Vice-Chair – Office of the Comptroller
- 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 July 11, 2007 meeting were reviewed by all present. A motion to approve the minutes was made by Ms. Kraus and seconded by Mr. Busick, and motion carried.

Reports/Updates

CPE Coordinator – Online Peer Review Training Update

Ms. Morgan stated that four new requests to take the online training course had been received since the last month's meeting. The four individuals were from the Governor's Office of Internal Audit. All four individuals registered and finished the online training course in July. Continuing Professional Education (CPE) credit has not yet been issued but is planned to be sent by the end of the week. All four individuals earned four (4) hours of CPE.

Board Committees – Review Updates

Executive Committee – No new updates available.

Performance Committee – No new updates available.

Old Business

Fall Training Update

Ms. Morgan reported that an email notice was sent on July 12, 2007 to Audit Chiefs regarding the upcoming Fall Training Conference. She has received positive comments back requesting more details.

Ms. Morgan reported that the IIA has scheduled a meeting for Thursday, August 9, 2007 at which time she will discuss joint partnership by IIA and SIAAB for sponsoring the 2007 Fall Conference. Ms. Morgan stated the registration announcement will be sent out after this scheduled meeting with IIA.

It was discussed whether the Board should issue the CPE certificates for the Fall Training Conference since Ms. Morgan has this ability or whether the IIA should issue the CPE certificates as has been past practice. The Board had no problem with issuing the CPE certificates and would discuss this with IIA during Thursday's IIA Board meeting.

University Appointment

Ms. Kraus reported that she has been unable to receive the final approval for the university appointment due to the State Budget negotiations. She reported that after the State Budget issues are addressed she will be able to finalize this appointment.

New Business

IIA Practice Advisory – Quality Assessments

The Board discussed the Practice Advisories that had been revised May 16, 2007 and June 14, 2007.

- PA 2030-1: Resource Management

*#7 – “Because of the critical nature of resources, the CAE should maintain ongoing communications and dialog with senior management and the board on the adequacy of resources for the internal audit function. **At least annually, the CAE should present a detailed summary of status and adequacy of resources to the board.** The CAE should ensure that the board is provided with relevant, reliable and accurate data to demonstrate the adequacy of resources. To the end, the **CAE should develop appropriate metrics, goals and objectives that could be used to monitor the overall adequacy of resources.**”*

The Board discussed that adoption of this annual reporting should be discussed at the October Fall Conference during roundtable discussions and not be required for the upcoming September 30, 2007 report.

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

The Board discussed and concluded that no changes to the bylaws would be needed.

- PA 1312-1: External Assessments

#5 – Independence – Third Bullet – “In the selection of a qualified, independent external reviewer or review team, consideration should be given to a possible real or apparent conflict of interest the reviewer may have due to present or past relationships with the organization or its internal auditing activity, including the reviewer’s participation in internal quality assessments.”

Fourth Bullet – “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.”

The Board discussed and concluded that no changes to the bylaws would be needed.

- PA 1311-1: Internal Assessments

#2 – Ongoing Internal Assessments – “Ongoing internal assessments are usually incorporated into the routine policies and practices used to manage the internal audit activity and should be conducted by means of such processes and tools as:

- *Engagement supervision as described in Practice Advisory 2340-1, Engagement Supervision.*

- *Checklists and other means to give assurance processes adopted by the internal audit activity are being followed.*
- *Feedback from audit customers and other stakeholders.*
- *Selective peer reviews of workpapers by staff not involved in the respective audits.*
- *Project budgets, timekeeping systems, audit plan completion, and cost recoveries.*
- *Analysis of other performance metrics.*

The Board discussed and determined that there is a need to clarify what types of tools should be used for ongoing internal assessments. The Board agreed this could be discussed at the October Fall Conference.

#9 – Communicating Results – “At least annually, the CAE should report the results of internal assessments, necessary action plans, and their successful implementation to the board and also share information with appropriate persons outside the activity.”

The Board discussed and determined that this annual reporting requirement should be included as a paragraph in the September 30th report but not required for the upcoming September 30, 2007 report due to short notice. This change in requirement will be discussed at the October Board meeting and with the CAE's at the October Fall Conference during the roundtable discussions. If the Board makes a change the Bylaws will be changed pending outcome of these future discussions

- PA 1310-1: Quality Program Assessments

The Board discussed and concluded that this PA relates to PA 1311-1 Ongoing Internal Assessments and Communicating Results. This PA will also be discussed at the October Board meeting.

Fiscal Control and Internal Auditing Act (FCIAA)

Ms. Kraus proposed creating a committee to update and revise FCIAA requirements. It was proposed to form a committee that included the SIAAB Board members and any Audit Managers who would have input into the process. Also, it was discussed that the Auditor General and the Legislative Audit Commission should be invited to participate. The discussion was tabled and will be put on the agenda for the next Board meeting.

Continuing Professional Education Requirements

The Board discussed potential changes to CPE requirements based on GAO requirements. The discussion was tabled and the Board decided to individually review the change in more detail and discuss at future Board meetings to determine if the Board will adopt these changes.

Ms. Morgan proposed changing the passing rate for the Online Peer Review Training from 60% to 70% to reflect the GAO requirement of a minimum passing grade of 70% [GAO – Guidance on GAGAS Requirements for Continuing Professional Education –

page 23 #30]. A motion to change the minimum requirements to a 70% passing rate for completion of the Online Peer Review Training course was made by Ms. Ringler and seconded by Ms. Kraus, and motion carried.

GAO – Government Auditing Standards Revision

It was recommended that the Board review the July 2007 Revision to Government Auditing Standards for comment during next Board Meeting.

Announcements

Ms. Kraus reported that she has received positive feedback regarding conducting a Fraud Investigation Training event for governmental auditors. Ms. Kraus encouraged the Board to give her any feedback or ideas to create a beneficial training event.

The next regular meeting will be September 12, 2007 – 3:00 p.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. Ringler. Motion passed at 11:58 a.m.

Board Committee Meetings

Performance Committee – None.

Executive Committee – None.