

STATE OF ILLINOIS INTERNAL AUDIT ADVISORY BOARD

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

MINUTES

Board Meeting September 12, 2007

Call to Order

The regular meeting of the State Internal Audit Advisory Board (SIAAB) was held on September 12, 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 3:00 p.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)
- Barbara Ringler - Office of the Treasurer (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)
- Stell Mallios – Office of the Secretary of State (In Person/CMS Video Conference Room #9035 James R Thompson Center, Chicago)

Guests

- 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 August 8, 2007 meeting were reviewed by all present.

A motion to approve the minutes was made by Ms. Ringler and seconded by Ms. Kraus, and motion carried.

Reports/Updates

CPE Coordinator – Online Peer Review Training Update

Ms. Morgan stated that five new requests to take the online training course had been received since last month's meeting. The five individuals were from the Governor's Office of Internal Audit. Four of the five individuals have completed the training course and their CPE certificates were issued September 5, 2007.

Ms. Morgan stated that the CPE certificates were issued August 10, 2007 for the four individuals from the Governor's Office of Internal Audit that registered and passed the online training in July.

Board Committees – Quality Assessment Review Update

Executive Committee – No new updates available.

Performance Committee – The Performance Committee Chair provided updates on outstanding peer reviews.

The board discussed changes to the Performance Committee Subsequent Review. Ms. Cummings identified the changes made to the Subsequent Review Program. The Board suggested adding a statement that explains this is a subsequent review to the original objectives and suggested to modify the headers to make it clearer to distinguish between the original review and the subsequent review. Upon approval of the Board the Performance Committee Subsequent Review Program would be posted to the Board's Peer Review Webpage. A motion to approve the Subsequent Review Audit Program as modified was made by Ms. Kraus, all members were in favor.

The board discussed that changes to the Subsequent Review Matrix were needed to include a step that the reviewer verify that agency's audit organizations included an explanatory paragraph identifying the noncompliance and corrective action to be taken in the internal audit opinions rendered since the release of the External Quality Assessment reports by the Board. This change will be made immediately and will be included in the NIU & IHDA subsequent reviews.

NIU – Ms. Cumming reported that the subsequent review was performed by Mr. Jim Kincaid. Due to the modification of the subsequent review matrix, additional follow-up will be performed prior to forwarding the report and accompanying workpapers to the Executive Committee.

WIU – Ms. Cummings reported that Mr. Kincaid had performed the original assessment and it will now be forwarded to the Executive Committee.

IHDA – Ms. Cummings reported that extra documentation was being forwarded to Deb Ringer. Due to the modification of the subsequent review matrix, additional follow-up will be performed prior to sending the report and accompanying workpapers to the Executive Committee.

Secretary of State – Ms. Cummings reported that a Peer Review Matrix was needed from Secretary of State before it may move forward. Ms. Mallios stated she would ask

Mr. Jim Busick for it and forward it to the Board. Ms. Zemaitis agreed to perform the Board's Performance Committee Review of the Office of Secretary of State.

Ms. Morgan inquired on whether templates had been forwarded to the remaining agencies whose External Quality Assessments resulted in either a partial or does not conform opinion. She stated that each of these agencies received a cover letter accompanying the Board's release of the External Quality Assessment reports. The letter stated that Board Bylaws on Peer Reviews, Section 4.2 required an explanatory paragraph to be included in each report released by the audit organization until a subsequent review had been conducted by an external validator verifying that appropriate corrective action had been taken and approved by the SIAAB. Ms. Cummings stated that she will send this information to the applicable agencies.

The board discussed the Auditor General's recent release of their 2007 Annual Audit Advisory and SAS #112 requirements pertaining to indicators of material weaknesses which included significant deficiencies in the internal audit or risk assessment function. The Board can verify, through the Performance Committee review, that the opinions rendered included the required explanatory paragraph. However, the Board can not compel legal action. The Board discussed their concerns regarding the results of the External Quality Assessments and the relatively few agencies who have requested approval for subsequent reviews. The Board agreed that the Chair should send a letter identifying the agencies that have had peer reviews with the results of each to the Auditor General.

Old Business

Fall Training Update

Ms. Morgan reported that the Springfield Chapter of the IIA has agreed to co-sponsor the 2007 Fall Government Auditing Conference. A registration email was distributed to Internal Audit Chief on August 16, 2007, with a reminder email distributed on September 12, 2007. As of September 12, 2007, eighteen individuals have registered for day one and twelve individuals have registered for day two of the training.

Ms. Morgan reported that the Fall Conference will fall within the Open Meeting Act. A summary of minutes will be prepared for the event. It was discussed by the Board that anyone attending the conference that participates in snacks, lunch or requests CPE hours will be required to pay the registration fee for that day.

University Appointment

Ms. Kraus reported that the university appointment has not yet been finalized but is close to completion.

SIAAB Bylaws – CPE Requirements

The board discussed the CPE changes to the SIAAB Bylaws. Corrections were discussed and agreed upon by the board. A motion to accept the CPE changes to the SIAAB Bylaws as modified was made by Ms. Kraus and seconded by Ms. Ringler, and motion carried. The board determined that the revised CPE Bylaws will be

communicated to Internal Audit Chiefs through an email communication that provides a link to the SIAAB website.

GAO – Government Auditing Standards Revision

The board decided to table discussions on GAO standard revisions until the October Board Meeting.

Fiscal Control and Internal Auditing Act

The board decided to table discussions on FCIAA until the October Board Meeting.

New Business

Independent and Confidentiality Form Approval

The Board reviewed Ms. Mallios, Acting Internal Audit Director Office of the Secretary of State, Statement on Independence and Confidentiality Policy/Commitment Forms. Ms. Mallios stated that she had no conflict of interests with any State agencies. A motion to approve the forms was made by Ms. Kraus and seconded by Ms. Ringler, and motion carried.

Announcements

The next regular meeting will be October 10, 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 Ms. Cummings and seconded by Ms. Ringler. Motion passed at 4:30 p.m.

Board Committee Meetings

Performance Committee – None.

Executive Committee – None.