

# STATE OF ILLINOIS

## INTERNAL AUDIT ADVISORY BOARD

Web Address: SIAAB.AUDITS.UILLINOIS.EDU

### MINUTES

**Board Meeting March 12, 2008**

**10:00 AM**

#### Call to Order

The regular meeting of the State Internal Audit Advisory Board (SIAAB) was held on March 12, 2008 at the Capital City Center, Springfield, Illinois, Room 104 with video conferencing at the JRTC, Chicago, Illinois, Room 9035. Chair Rusti Cummings called the meeting to order at 10:05 a.m. Per Ms. Cummings request, Mary Ishmael, Office of the Comptroller attended and recorded the minutes.

#### Roll Call

##### **Members Present**

- Rusti Cummings, Chair – Office of the Comptroller (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
- Carol Kraus, Vice-Chair – Governor’s Office of Internal Audit (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
- Lesslie Morgan – Office of the Attorney General (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
- Nancy Bowyer – Office of the Secretary of State (In Person/CMS Video Conference Room 9035, JRTC, Chicago)

##### **Members Absent**

Barbara Ringler – Office of the Treasurer

##### **Guests**

- Julie Zemitias – University of Illinois (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
- Mary Ishmael – Office of the Comptroller (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)

#### Minutes

The minutes of the February 13, 2008 board meeting were reviewed by all present. A motion to approve the minutes was made by Ms. Kraus and seconded by Ms. Bowyer, and motion carried.

## Reports/Updates

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

Ms. Morgan stated that two individuals that registered for this course have not completed their training. It has been a significant time lapse since she has heard from one. They would contact this person to see if they were interested in completing the course. Ms. Kraus stated that one individual was with her office and was on a leave of absence. Ms. Morgan stated there has been one new request to take the Board's on line training course received March 7, 2008.

Ms. Morgan stated one individual had contacted her for a list of individuals who had completed the online training course. A person on the list had changed employers. Ms. Morgan indicated that she does not change the employer's name since the listing should reflect the information at the time the course was taken.

### **Board Executive and Performance Committees – Quality Assessment Review Updates**

A request for approval to allow Mr. John Meehan to perform the subsequent self assessment with individual validation review was received from David Dixon, Governors State University. The Board members reviewed Mr. Meehan's independence and confidentiality forms. A motion to approve this request and related forms was made by Ms Morgan and seconded by Ms Kraus.

On behalf of Ms. Kraus, Mr. Jim Kincaid submitted a request for External Review Team Approval for the Illinois Office of Internal Audit. The proposed team was of Judy Lazar, Steve Hayward, & Kathleen Moreno. The independence and confidentiality forms for these people were reviewed by the Board. Ms. Morgan noted that the review could take 2 to 3 months before it was finalized by the Board but it was expected to be completed before the required October date. In addition, she noted that Ms. Kraus could not act as the performance committee chair for her agency's review. This conflict will be addressed when the report is assigned to Performance Committee. A motion to approve the request was made by Ms. Morgan and seconded by Ms. Bowyer.

A request for approval to allow Ms. Laura Scott to perform a self assessment with independent validation, contingent upon her successful completion of the SIAAB online training course, was submitted by Ms. Cummings for the Illinois Office of the Comptroller. Ms. Morgan noted that the report might take longer to review than noted on the request form. It was also noted that Ms. Cummings would have a conflict with her duties as Executive Chair for this review and such conflict would be addressed when the report is submitted to Executive Committee for review. A motion to approve was made by Carol Kraus and seconded by Ms. Bowyer.

The Housing Development Authority's subsequent self assessment with independent validation, Secretary of State's external review, and State University Retirement System are still in progress. Northeastern Illinois University had communicated that it would begin their subsequent review during FY09. Western Illinois University had approached Ms. Moreno to see if she could conduct their subsequent review. Although, Ms. Moreno had been independent to conduct the original validation, her current employment includes the review of University activities. Therefore, Ms. Moreno's duties creates an independence impairment for the subsequent review.

The Executive Committee membership was discussed. Due to the Board's limited size and the current number of active quality assessment, it will be difficult to ensure that the individuals assigned to this committee are independent from the agency being reviewed, other Board members offices, and individuals the committee member may be working with on other assessments. Historically, this committee would be anticipated to include Ms. Cummings (as the current Board chair), Ms. Morgan (as the past chair), and Ms. Kraus (as the Board vice chair). To address all independence concerns, it may be necessary that Ms. Boyer also serve on this committee.

The Performance Committee should be chaired by Ms. Kraus. This committee has previously included Ms. Kathleen Moreno, Mr. Steve Hayward, Mr. Julie Zemaitis, Mr. Jim Kincaid, and Ms. Stacy Smith. These members will need to submit new independence and confidentiality forms before being approved to serve for this year. It was noted that none of the current performance committee can conduct the Performance Committee review for the State University Retirement subsequent self assessment with independent validation report which has been received due to independence impairments. Therefore, it was decided that the committee membership should be increased to address this independence concern and those anticipated for other reviews which are in progress. Additional names were discussed as possible members. Ms. Cummings will contact these individuals and report back at next meeting.

### **Old Business**

**University Appointment** – Not yet received. With the ongoing concern for independence impairments and the Board's size, Ms. Kraus indicated she would continue to pursue the appointment of the University Board member.

### **GAO – Governmental Auditing Standards Revisions**

Last month, there was discussion of the GAO standards which SIAAB has previously adopted and whether it was necessary to adopt additional parts of these standards. It was decided that it was not necessary at this time to make changes to the SIAAB standards. Ms. Morgan and Ms. Kraus indicated that they both actively monitor the GAO, AICPA, and GASB activities and the SIAAB can have future discussion is these actions impact the internal audit function within Illinois State government.

### **Fiscal Control and Internal Auditing Act –**

There was length discussion about the Fiscal Control and Internal Auditing Act and the existing guidance. Ms. Kraus and Ms. Cummings represent the two offices which are involved in the establishment of guidance for the annual internal control assessments. These offices appreciate the input of the SIAAB Board members as well as the other state internal audit departments. Ms. Kraus staff has begun to conduct a review of the guidance published by various state and federal agencies as well as the guidance published related to Sarbanes Oxley. They will continue with this research and keep the Board informed of their offices actions.

### **New Business**

Fall training was discussed. The Office of the Auditor General is not anticipating that their typical June conference will be held this year. Therefore, it is important that SIAAB schedule training to assist the state internal audit managers in achieving their training requirements. Ms. Cummings will contact the facilities to determine possible training dates. It was determined October and November are the best months but December is sometimes necessary due to the availability of the meeting rooms. Potential topics included potential changes to Fiscal Control and Internal Auditing Act with FCIAA guidance revisions; any changes in the standards established by AICPA, GAO, or GASB that might impact our work with external auditors, and any possible new legislation impacting our agencies. More discussion will be held in later meetings. Ms. Cummings will contact the facilities for possible dates.

### Announcements

The next regular meeting will be April 9, 2008 – 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. Morgan and seconded by Ms. Kraus. Motion passed at 12:24 p.m.

### Board Committee Meetings

**Performance Committee** – None.

**Executive Committee** – None.