

STATE OF ILLINOIS INTERNAL AUDIT ADVISORY BOARD

Web Address: SIAAB.AUDITS.UILLINOIS.EDU

MINUTES

Board Meeting, June 26, 2008

10:00 AM

Call to Order

The regular meeting of the State Internal Audit Advisory Board (SIAAB) was held on June 26, 2008 at the Capital City Center, Springfield, Illinois, Room 104 with video conferencing available at the JRTC, Chicago, Illinois, Room 9035. Chair Rusti Cummings called the meeting to order at 10:07 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)
- Barbara Ringler, Office of the Treasurer (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)

Members Absent

Nancy Bowyer, Office of the Secretary of State
Carol Kraus, Governor's Office of Internal Audit
(Ms. Bowyer and Ms. Kraus informed Ms. Cummings they would not be attending.)

Guests

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

Minutes

The minutes of the May 14, 2008 board meeting were reviewed by all present. It was noted that the draft minutes needed the following corrections: (1) Deloitte had been misspelled under the CPE coordinator report and (2) Mr. Kazan had been mistyped in the 2nd paragraph of Committee reports.

A motion to approve the minutes with these corrections was made by Ms. Ringler and seconded by Ms. Morgan. The motion was approved. Ms. Morgan suggested that the following months minutes should specifically reflect the changes made to the draft minutes.

Reports/Updates

CPE Coordinator – Online Peer Review Training Update

Ms. Morgan indicated three CPD certificates were issued for the online course since the May meeting. This included two individuals from the Governor's Office of Internal Audit. It also included the independent validator for the Illinois Office of the Comptroller who had finished the course May 4th and was issued the certificate on May 23rd. This certificate timing reflects the certificate's date of completion, 2 to 3 weeks for the notification to be sent from the webmaster to Ms. Morgan, and a few days for Ms. Morgan to issue the certificate. There is one person who had been given an extension to May 20th but had not completed the course. Ms. Morgan will check with our webmaster to confirm whether this person was dropped from the registration or requested an additional extension.

Ms. Morgan also reported that there had been no significant changes to the IIA standards since January 2007 and the changes to the GAO standards were not applicable to audit departments subject to the standards adopted by the State Internal Audit Advisory Board.

Board Committees – Quality Assessment Review Updates

Status of Quality Assessment Reviews –

The members were provided a copy of e-mail correspondence between Ms. Cummings and Ms. Lazar. This correspondence discussed the Board's authority to coordinate peer review activities as provided in the Fiscal Control and Internal Auditing Act, each state agency's responsibility to procure services, and the State Finance Act's provisions related to early retirees. All present agreed that Ms. Cummings' communication with Ms. Lazar was factual and accurate.

Original quality assurance projects are in progress for Illinois Office of the Comptroller, Illinois Office of the Secretary of State, and Governor's Illinois Office of Internal Audit. (Addendum based upon Ms. Morgan's statement at the July 9, 2008 meeting: The Governor's Illinois Office of Internal Audit quality assurance project is required by October 3, 2008 which is five years after this function was established on October 3, 2003. The other two projects are in excess of the five year requirement.)

Subsequent reviews are in progress for Illinois Housing Development Authority and State University Retirement System. Ms. Lazar had communicated that Illinois Housing Development Authority was anticipated in July. Ms. Cummings discussed that State University Retirement System was still on hold trying to locate an independent person available to conduct the Performance Committee's Quality Assurance Review Procedures. If Ms. Kraus was able to locate a firm to conduct her peer review and no longer needed Mr. Hayward on her team, Mr.

Kincaid would be independent and could complete the Quality Assurance Review Procedures for the State University Retirement System subsequent review.

The Board has not received requests for subsequent reviews from Eastern Illinois University, Illinois State Board of Education, and State Employees Retirement System. Western Illinois University had contacted the Board about Ms. Moreno conducting the subsequent review but it was determined that Ms. Moreno was no longer independent since she was working with the State University Civil Service System who performs reviews of all state universities personnel functions. In addition, either Governor's State University or Chicago State University had indicated that their agency might be prepared to begin a subsequent review in July. (Addendum from the July 9, 2008 meeting: This statement was made at the June meeting but did not accurately reflect the facts. Chicago State University previously completed their quality assurance review with a "generally conforms" report. Governor's State University had been approved to use Mr. Meehan as the team member for this subsequent review. This report was anticipated in July 2008.)

Independence Form Addendum –

Ms. Cummings distributed copies of the Independence Form Addendum. This additional information will assist the Board in their approval of the Quality Assurance teams, as well as Performance and Executive Committee assignments. Question 1 was revised to state "Please provide the employer's name and employment dates if this has changed within the last year." Ms. Morgan would confirm that the one year was consistent with the GAO standards for independence. Question 3 was revised to reflect the 5 year period for subsequent reviews consistent with the 5 year period considered for external peer reviews and self assessments with independent validations. The five year period was used to coordinate with the 5 year timeframe provided by IIA standards for peer reviews. With these two revisions, Ms. Morgan motioned to approve the independence form addendum, Ms. Ringler seconded, and the motion carried. Ms. Cummings will distribute this document as necessary.

Ms. Morgan and Ms. Cummings will work together in July to prepare a matrix to summarize all assignments related to the quality assurance process. This will be updated each month and presented to the Board.

Old Business

University Appointment –

Ms. Cummings reported that Ms. Zemaitis had been sent the paperwork for appointment to the State Internal Audit Advisory Board but an official appointment letter had not yet been received.

Fall Conference –

The Capital City Center's large basement conference room has been reserved for Monday and Tuesday, October 6 and 7, 2008. The first day would be open to Chief Internal Auditors, Managers, and a staff as well as personnel from the Auditor General's Office. The second day

would be open to the Chief Internal Auditors only. The capacity of the Capital City Center's meeting room is 80 people with tables and 125 people maximum.

Possible topics and speakers might include:

- Legislative Audit Commission and the Office of the Auditor General. Ms. Cummings will contact these offices to determine whether they would be available to speak on the second day of the conference. If unable to attend, the dates may need to be rescheduled for October 1st and 2nd.
- Update on Auditing and Accounting Standards presented by Ms. Kraus
- Forgery by a spokesperson from the Treasurer's Office
- Shared services update by Ms. Kraus or other CMS personnel
- SAMS warehouse queries by a representative of the Comptroller's Office. This subject might be most beneficial if state internal auditors can provide some specific examples of queries. Examples might include top 10 travelers, expenditures without obligations, vendors receiving over a specified number of payments, etc.
- Possible state accounting or financial reporting issues by the Comptroller's Office such as 30 days to pay travel expenditures, locally held funds process, etc.
- IT subject by Mr. Sampias with the Auditor General's Office
- Debit card usage
- State Records Retention
- Travel Control Council issues

Ms. Cummings will send an announcement and request for subjects to the State Internal Audit Managers Group for discussion at the July 9th meeting. The Board's plan is to finalize speakers at the August 13th meeting, distribute the agenda by mid-August, and registration deadline September 19th (with a registration reminder on September 17th).

New Business

No new business was discussed.

Announcements

The next regular meeting will be July 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. Ringler. Motion passed and meeting was adjourned at 12:20 pm.

Board Committee Meetings

Performance Committee – None.

Executive Committee – None.