

# STATE OF ILLINOIS

## INTERNAL AUDIT ADVISORY BOARD

Web Address: SIAAB.AUDITS.UILLINOIS.EDU

### MINUTES

**Board Meeting, November 12, 2008**

**10:00 AM**

#### Call to Order

The regular meeting of the State Internal Audit Advisory Board (SIAAB) was held on November 12, 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 10:00 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)
- Carol Kraus, Illinois Office of Internal Audits  
(In Person/CMS Video Conference Room #104 Capital City Center, Springfield)

##### **Members Absent**

Julie Zemaitis, University of Illinois  
(Ms. Zemaitis had emailed Ms. Cummings that she was unable to attend.)  
Nancy Bowyer, Office of the Secretary of State  
(Ms. Bowyer was represented by Mr. Busick.)

##### **Guests**

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

#### Minutes

The minutes for the Regular Meeting October 8, 2008 were reviewed. Ms. Morgan motioned to approve the minutes with no changes, Ms. Kraus seconded, and the motion

carried. The minutes for the Fall Government Auditing Conference held on October 6 and 7, 2008 were reviewed. Ms. Ringler motioned to approve the minutes with no changes, Ms. Kraus seconded, and the motion carried.

### **Reports/Updates**

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

Ms. Morgan reported there had been no requests for online training since the last meeting.

She indicated that the Institute of Internal Auditors' (IIA) standards will change effective January 1, 2009. Ms. Morgan explained that the changes incorporated many of the IIA's previous interpretations. For example, the standards will incorporate the need to report internal assessment results to the audit organization's board.

The new IIA standards will be discussed at the December meeting to determine whether the Board wishes to adopt them. If adopted, it will be necessary to revise the Audit Requirements Matrix and Online Peer Review Training Program. It was agreed that these revisions would be discussed at the January and February meetings with an estimated completion in March.

#### **Board Committees – Quality Assessment/Subsequent Review**

Ms. Zemaitis notified Ms. Cummings that due to budget/cash flow considerations the University of Illinois was moving their Quality Assessment Review (QAR) to late March or early April rather than starting in December. Her QAR team is anticipated to still complete the work in time for an 8/31/09 SIAAB approval. Ms. Morgan stated that the University's first Quality Assessment was released on 9/8/04. Therefore, the target date for the current QAR would be 9/8/09. The Board's overall consensus was that the 9/8/09 target was attainable but did not provide much time for unexpected delays. The last regular scheduled meeting before that deadline would be August 12, 2009. It was also stated that June was a difficult month to conduct Performance and Executive Committee reviews as chief internal auditors are busy with their annual plans and external auditor's arrival.

Ms. Cummings reported the Governor's State University subsequent review letter had been distributed. There were no other quality assessment / self assessment activities to report.

### **Old Business**

#### **Correction of University Appointment Expiration**

Ms. Kraus reported that there was no change at this time.

#### **Fall Training Conference Survey Results**

Ms. Cummings distributed the Survey Summary for the Fall Conference. Overall, the responses were favorable. A suggestion was made that there might be more subjects or special sessions related to Universities. Although there was some Board member concern about the meal versus meeting room costs, the overall results indicated that the participants found the meals to be beneficial to the overall value of the conference. There was also discussion as to the applicability of the Open Meetings Act to this conference. The Board concluded that these matters should be considered in preparing for the 2009 Fall Conference.

### **Fiscal Control and Internal Auditing Guidelines**

With regards to the Fiscal Control and Internal Auditing Act (FCIAA), Ms. Cummings reported her staff is comparing the questionnaires to the statutes which are generally applicable to all agencies to ensure new laws such as the State Officials and Employees Ethics Act are incorporated into the questionnaire. Her staff is also changing statutory citations from the Illinois Revised Statutes to the Illinois Compiled Statutes. This will assist management in documenting the agency's compliance with state laws. Ms. Cummings and Ms. Kraus also shared the following points.

- The guidelines should encourage agencies to reference such documents as COBIT, FIPS, OMB A-123, other federal guidelines, and other internal control literature. This would help each agency tailor the internal control assessment to their specific operations without re-inventing the process. This will be especially beneficial for the IT area as well as federal and state grant controls.
- The guidelines should expand the section that outlines management's responsibility to assess whether their procedures adequately ensure compliance with laws specific to their agency's programs and operations.
- The guidelines' vulnerability section should be enhanced to ensure the internal control review is adequately addressing high risk areas. This might include such areas as contract monitoring, GAAP financial reporting, federal activities, other areas recently reported as findings by the Office of the Auditor General, etc.
- The guidelines should require a brief narrative description for those questions which address key internal controls. A simple "yes" or "no" response does not sufficiently document the assessment process.
- The guidelines should include training and monitoring as important components to an adequate internal control assessment process.

The Board members agreed that these suggestions would enhance the internal control assessment process required by FCIAA. Ms. Kraus and Ms. Cummings will establish a timeline for completing this project and continue to welcome any comments the Board members might have. Ms. Kraus is developing a training session for the local Chapter of the Institute of Internal Auditors. This training will focus on understanding what internal controls are and how to identify contract and grant monitoring controls which are key to the agency's missions, goals, and objectives. This session will be held in Springfield and is open to state agency management personnel as well as internal auditors.

## **New Business**

### **Board, Executive Committee, and Performance Committee Independence and Confidentiality forms**

At this time, there are no independence or confidentiality forms to be approved for Board, Executive, or Performance Committee members.

### **Request for Peer Review Team Approval**

Ms. Cummings reported that Mr. Dave Dixon from Governors State University had submitted a request for his Quality Assessment Subsequent Review. Mr. John Meehan had agreed to be the independent validator and had submitted his independence and confidentiality forms. The Board re-affirmed its position that generally the original peer review team should not perform the second peer review but it is okay to have the original peer review team conduct the subsequent review. The Board agreed that it is possible for this report to be presented for approval at the December meeting if the report draft is submitted promptly. Ms. Kraus motioned to approve Mr. Dixon's request with Mr. Meehan's independence and confidentiality forms. This motion was seconded by Ms. Ringler and approved by the Board.

### **Peer Review Process & Documentation (Consideration of Tool 19, SIAAB Matrix, etc.)**

At Ms. Zemaitis' request, the Board briefly discussed Tool 19 at the October regular meeting. Ms. Cummings summarized that discussion for those members who were unable to attend the October meeting but tabled this topic until December since Ms. Zemaitis was not present at this time.

## **Announcements**

The next regular meeting will be held December 10, 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 and meeting was adjourned at 12:00 pm.

## **Performance Committee**

No business at this time.

## **Executive Committee**

No business at this time.