

STATE OF ILLINOIS
INTERNAL AUDIT ADVISORY BOARD

Web Address: SIAAB.AUDITS.UILLINOIS.EDU

MINUTES

Board Meeting, December 10, 2008

10:00 AM

Call to Order

The regular meeting of the State Internal Audit Advisory Board (SIAAB) was held on December 10, 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)
- 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)
- Julie Zemaitis, University of Illinois
(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, JRT Center, Chicago, IL)
(Ms. Bowyer left at 11:45 as she had a prior commitment)

Members Absent

Barbara Ringler, Illinois Office of the Treasurer

Guests

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

Minutes

The minutes for the Regular Meeting November 12, 2008 were reviewed. Ms. Morgan 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 were no participants taking the online training at this time. She

indicated that the online course contained the IIA Standards effective prior to January 1, 2009. Since it will take a few months to get the online course updated to reflect the new standards, she recommended that enrollment in the online course be limited to individuals conducting quality assurance reviews of periods before January 1, 2009. The other members agreed. Ms. Morgan has permission to reprint IIA Standards as of December 5, 2008. This will change the SIAAB Online course and Matrix from the "2004" copyright to "2009". After the Practice Advisory changes are posted by IIA, the Board will need to determine whether those will be adopted by the Board and then Ms. Morgan can proceed with the SIAAB online course updates.

Board Committees-Quality Assessment/Subsequent Review

Board members discussed that several quality assurance subsequent reviews were still outstanding. It was noted that there is no timetable for subsequent reviews to be completed. The IIA standards and SIAAB By-laws require a paragraph to explain non-conformances but do not establish a deadline to correct the non-conformances. It was discussed that the necessary time to resolve concerns would vary depending upon the issue. For example, a charter could be updated more quickly than conducting an annual risk assessment or submitting an annual report by September 30. Most members indicated that a two year time frame would generally be sufficient to resolve non-conformances. Ms. Cummings will send a letter in January before the next meeting to the agencies that do not have their subsequent reviews completed.

Ms. Zemaitis reported that Titus will be starting their review for the University of Illinois in February.

Old Business

Correction of University Appointment Expiration

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

Fiscal Control and Internal Auditing Guidelines

Ms. Cummings distributed a draft comparison of Illinois' and Ohio's internal control questionnaires. These documents were substantially the same. Ohio requires the vulnerability assessment while Illinois includes this as an optional component. The revisions will consider: (1) the role of management versus internal audit, (2) expansion of the risk assessment component, (3) monitoring whether internal controls are operating, (4) whether individuals are adequately trained in the completion of the internal control assessment, (5) inclusion of the generally applicable statute citations, and (6) emphasis on management's responsibility to modify the assessment to address statutes specific to their agency and any necessary internal controls unique to their agency's operations. The questions related to the grants and electronic data processing sections are expected to be modified significantly and reference other existing internal control assessment guidance such as COBIT, FIPS, OMB-123, etc. Ms. Kraus mentioned that some controls are relevant to each internal control area and not just the first two categories. The members agreed that each area should address fraud, adequate training of personnel, security of confidential data, and audit finding corrective action. It was also discussed that the organization of the questionnaires could be streamlined to reduce redundancy.

The questions might also be re-organized to coordinate better with the flow of the business cycle. All updates will be discussed with the LAC, OAG, and CMS.

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

Ms. Zemaitis presented a draft modification of Tool 19. This draft could accompany the Board's matrix to provide guidance to quality assurance teams in their evaluation of the quality assurance results. Ms. Zemaitis indicated that she had tried to provide numerical ratings to weight the importance of each component. She indicated this seemed to make the process more burdensome. Ms Morgan also presented a draft spreadsheet to provide a numerical weighted system for evaluating quality assurance results.

It was decided that the process might be simplified by adding the Evaluator's decision to the matrix rather than using a separate document. This would enable the performance committee to see exactly which parts of the standards, code, and Fiscal Control and Internal Auditing Act had been complied with and which had not. This would allow the Performance Committee to determine whether they agreed with the overall assessment and conclusion for each section. Ms. Zemaitis will make these draft this format and provide to Board members for their review.

New Business

Consider adopting IIA's Revised Standards (eff. 1-1-2009)

The changes to the Institute of Internal Auditor's Standards which were to be effective January 1, 2009 were discussed by the Board members. Ms. Morgan motioned to adopt the changes made by IIA, Ms. Kraus seconded the motion, and the motion carried.

Approval of SIAAB 2009 Meeting Calendar

Ms. Cummings presented the 2009 Meeting Calendar. She explained that the meeting will be held on the second Wednesday at 10:00 a.m. except for October 14, 2009 and November 4, 2009. These changes were necessary as the meeting facility was not available in the morning in October and November 11th was a state holiday. Ms. Zemaitis made a motion to accept the 2009 meeting calendar dates, Ms. Kraus seconded, and the motion carried.

Announcements

The next regular meeting will be held January 14, 2009 – 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. Kraus and seconded by Ms. Morgan. Motion passed and the meeting was adjourned at 12:00 pm.

Performance Committee

Ms. Cummings reported that she had received Governor State University's Second Quality Assessment Subsequent Review from Mr. Dave Dixon. The Board had approved Mr. John Meehan to be the independent validator. Mr. Kincaid had completed the Performance Committee External Quality Assurance Review Program. The Performance Committee chair, Ms. Kraus, had also reviewed the documentation. They had no concerns and recommended accepting the Governor's State University report.

Executive Committee

Ms. Cummings and Ms. Morgan (members of the Executive Committee) had reviewed the Governor's State University documentation and also agreed there were no concerns. Ms. Morgan motioned to accept Governor State University's Second Quality Assessment Subsequent Review. Ms. Kraus seconded the motion. The motion carried.