

STATE OF ILLINOIS INTERNAL AUDIT ADVISORY BOARD

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

MINUTES

**Board Meeting, March 11, 2009
10:00 A.M.**

Call to Order

The March 11, 2009 meeting of the State Internal Audit Advisory Board (SIAAB) was held at the Capital City Center, Room 104, Springfield, Illinois with video conferencing available at the JRTC, Room 9035, Chicago, Illinois. Chair Carol Kraus called the meeting to order at 10:00 a.m. Per Ms. Kraus' request, Jewel Bishop, Illinois Office of Internal Audit attended and recorded the minutes.

Roll Call

Members Present

Carol Kraus (Chair), Illinois Office of Internal Audit – Springfield
Rusti Cummings, Office of the Comptroller – Springfield
Lesslie Morgan, Office of the Attorney General – Springfield
Barbara Ringler, Office of the Treasurer – Springfield
Nancy Bowyer, Office of the Secretary of State – Chicago

Members Absent

Julie Zemaitis (Vice Chair), University of Illinois

Minutes

The draft minutes for the February 11, 2009 meeting were reviewed. Several corrections were made: (1) page 1, Members Present – “Barbara Ringler, Office of the Secretary of State” should be “Barbara Ringler, Office of the Treasurer”; (2) page 2, 2nd paragraph, 2nd line – “Brain Kruk” should be “Brian Kruk”; (3) page 2, 2nd paragraph, 4th line – after the word “confidentiality” insert the word “statements”; and (4) page 2, 6th paragraph, 4th line after the word “indicated” insert the word “they”. Ms. Ringler motioned to approve the minutes with changes, Ms. Bowyer seconded, and the motion carried.

Reports/Updates

CPE Coordinator – Online Peer Review Training Update

Ms. Morgan reported there had been an inquiry from the Illinois Housing Development Authority concerning the on-line training, but that no CPE has been issued since last reported.

The Illinois State Toll Highway Authority (Authority) also contacted Ms. Morgan regarding which version of the on-line course they would take. Ms. Morgan informed the Authority they would be taking the old course.

Ms. Morgan reported that she has acquired the training Matrix from Ed Mascorro, U of I. There was discussion about how the Board plans to review and revise the matrix to reflect recent changes in auditing standards/laws. The Board decided to have each member perform a separate review of the matrix and then discuss needed changes at an upcoming meeting. The Board plans to have the updates to the on-line training course completed by the end of FY09.

Miscellaneous Updates

Ms. Kraus updated the Board on several issues the Illinois Office of Internal Audit (IOIA) is currently dealing with. IOIA is undergoing an external audit. One of the issues being looked at is financial audits at agencies. The OAG has not performed an Agency financial audit since 1999. IOIA is currently working to create a new title that would require the applicant be qualified to sit for the CPA exam. Requiring new hires to have these qualifications would increase our ability to perform financial audits at agencies. Ms. Kraus will keep the Board informed on other issues raised by IOIA's external auditor.

Ms. Kraus also informed the Board about a bill introduced in the current legislative session - HB 3980 which would amend the Illinois State Auditing Act. This bill provides that if, in conducting a performance audit, which includes a program audit and a management or economy and efficiency audit, the Auditor General determines that an assessment of specified performance factors indicates a significant deficiency in program performance, the Auditor General, with the concurrence of the Joint Committee on Administrative Rules, may impose and collect an administrative fine upon each officer and employee responsible for that deficiency. It further provides that a fine may not exceed \$50,000 per individual per program found to be deficient. Ms. Kraus will forward a copy of the legislation to Board members.

Ms. Kraus/Ms. Cummings reported that the Illinois State Toll Highway Authority (Authority) had sought an opinion from the SIAAB about whether or not the Authority is required to have the approval of both their Authority's Executive Director and governing board for their annual audit plan. The Authority was concerned about the timing of Board meetings and that they would not be able to meet their June 30 deadline. The Board agreed that since the Board is operationally over the Chief Executive Officer (CEO), the CEO could approve the audit plan, but that the CEO also needed to take it to the Board for approval.

Board Committees:

Quality Assessment

Ms. Cummings distributed an updated copy of the Status of Quality Assessments and Subsequent Reviews spreadsheet. The University of Illinois' (U of I) original quality assessment was due January 1, 2007; however, this assessment was conducted early and released in 2004. The U of I's 2009 review which began in February of 2009 is still in progress.

Subsequent Reviews

Ms. Bowyer stated that she did not have Ms. Zemaitis' changes to the Audit Requirement Matrix. Ms. Cummings will get the changes to Ms. Bowyer.

There was concern that since the subsequent review was being performed under the old standards the scope of the review would no longer be valid due to the length of time the review has been in progress, especially with the new standards taking effect at the start of calendar year 2009. The U of I's 2009 review is being performed under the old standards. Due to the lateness of the report, the scope of the audit can be expanded to include FY08.

Ms. Kraus will have Jim Kincaid of her office look into time periods for conducting subsequent reviews. It was noted that reviews currently in progress (Toll Highway Authority) will be performed under the old standards. We need to have one whole year with the new standards. Any future reviews (e.g., Housing Development Authority) that are scheduled will be conducted using the new standards.

Old Business

Peer Review Process and Documentation

The Board reviewed the request submitted by the Illinois State Toll Highway Authority for Peer Review Team approval. Motion was made by Ms. Ringler to approve the proposed peer review team contingent upon the team taking the on-line training. Motion was seconded by Ms. Cummings. Motion approved.

New Business

Freedom of Information Act

Ms. Kraus brought up the subject of how new requirements for government transparency, especially in regard to the Federal stimulus legislation, would affect State audit offices. IOIA is facing the possibility of having to make final audit reports available on a website for public review. The Board discussed how having audit reports available for public review would affect the audited agency/office. Self-critical analysis is an important function for agencies/office. Knowing that an audit would be made public might discourage agency directors from asking for an audit. IOIA will seek a legal opinion concerning making audits reports available to the public via a website.

Ms. Kraus is waiting for federal stimulus rules to come out sometime during the middle of the month. The federal stimulus legislation requires transparency and accountability from States accepting federal money. The Federal legislation also requires that audits of subgrantees be conducted. This will place an additional burden on the auditing agency.

Ms. Morgan told the Board about proposed legislation that would amend the Illinois State Audit Act regarding the auditing of "earmarked appropriations" (HB 289). This bill would require the OAG to establish an Appropriations Earmark Unit. The primary function of the Unit shall be the

review and auditing of appropriations for grants or distribution to a specific unit of local government.

Training

There was a discussion concerning the fall training the Board sponsors. Should meals (lunch) be provided in the cost of the training or should attendees be responsible for paying for their own meals out-of-pocket. It was suggested that the Board look into various options of providing meals vs the cost of having attendees responsible for their own meals. In past years the lunch was included with the cost of the training because the Board received a break in meeting location cost when meals are provided. Ms. Bishop from Ms. Kraus' office will begin researching the various locations available (e.g., DNR, IDOT, Agriculture). The Board will also discuss the upcoming fall training with the IIA Springfield Chapter.

It was also mentioned that the training should have some sort of breakout session geared toward universities. This issue will be raised with Ms. Zemaitis. Question was raised about whether or not to include agency audit liaisons in the training. The training is usually geared toward agency management. Ms. Kraus also mentioned that IOIA needs federal training.

Announcements

The next regular meeting will be held April 8, 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, Room 9035 of the JRTC has been reserved.

Adjournment

A motion to adjourn the Regular Session was made by Ms. Morgan and seconded by Ms. Ringler. Motion passed and the meeting was adjourned at 11:30 a.m.

Performance Committee

There was no Performance Committee business at this time.

Executive Committee

There was no Executive Committee business at this time.