

STATE OF ILLINOIS INTERNAL AUDIT ADVISORY BOARD

Web Address: HTTP://SIAAB.AUDITS.UILLINOIS.EDU

MINUTES

Board Meeting, December 9, 2009

10:00 a.m.

Call to Order

The regularly scheduled 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 9-035, Chicago, Illinois. The meeting was called to order at 10:00 a.m. by Julie Zemaitis, Chair. Jewel Bishop, Illinois Office of Internal Audit, attended and recorded the minutes.

Roll Call

Members Present

Julie Zemaitis (Chair), University of Illinois – Springfield
Lesslie Morgan (Vice Chair), Office of the Attorney General – Springfield
Nick Barnard for Barb Ringler, Office of the Treasurer – Springfield
Rusti Cummings, Office of the Comptroller – Springfield
Steve Kirk for Debbie Abbott, Illinois Office of Internal Audit – Springfield
Nancy Bowyer, Office of the Secretary of State – Chicago

Absent

Barb Ringler, Office of the Treasurer
Debbie Abbott, Illinois Office of Internal Audit

Minutes

The minutes for the November 5 and 6, 2009 Fall Conference were reviewed. Ms. Morgan motioned to approve the minutes with no changes, Mr. Barnard seconded, and the motion carried.

The minutes for the November 6, 2009 regular meeting were reviewed and revisions made as follows:

- 1. Election of Vice Chair to Fill Vacant Position** – replace the language to amend the Bylaws, Article I, Section III, 3.2, with the following: “If the Chair becomes unable to perform his/her duties or no longer holds a position that would allow him/her to continue to serve on the Board, the Vice Chair shall serve as the Acting chair until the next Board meeting, at which time an election shall be held to fulfill the remainder of the Chair and Vice Chair’s original term.”

2. **Peer Review Process and Documentation** – 3rd paragraph, before “Nancy Bowyer” add the following language: “Julie Zemaitis reported that”.
3. **Adjournment** – After the wording “Motion to adjourn the regular session of the Board meeting” add the following language “at 1:15 pm”.

Ms. Morgan made a motion to approve the minutes with changes, Ms. Cummings seconded, and the motion carried.

Reports/Updates

CPE Coordinator – Online Peer Review Training Update

Ms. Morgan reported that five people have completed the on-line training since last reported and CPE certificates have been issued. One person that signed-up for the on-line training in June has not yet taken the training.

Ms. Morgan also reported that she has submitted changes to Lesson 1 of the on-line training to reflect the changes made to FCIAA by Public Acts 96-793 and 96-795. Ms. Morgan will also see that changes are made to the Matrix. These changes will be completed and posted on the SIAAB website by January 1, 2010.

Ms. Morgan sent an e-mail on November 10, 2009, to audit managers reminding them that taking the revised on-line course will count towards CPE.

Ms. Morgan stated that due to other commitments, she will submit proposed changes to the SIAAB Web page to the Board at the January, 2010 meeting. Ms. Morgan noted that the Matrix does not require any changes at this time; however, the FAQ's need the most work.

Board Committees – Quality Assessment/Subsequent Review

Office of the Secretary of State – Ms. Zemaitis reported that she and Ms. Bowyer had a conference call with Crowe Chizek (Crowe), the firm that performed the Secretary of State's Quality Assurance Review in December 2006. Ms. Zemaitis had three categories of questions concerning the report for Crowe: 1) documentation; 2) wording changes to the report, and 3) the “generally conforms” opinion.

Crowe reported that they had additional information in the workpapers that would support the opinion and they would provide the documentation sometime later this month. Ms. Bowyer will contact Ms. Zemaitis when the new documentation is received.

The Board discussed the delay in accepting the Secretary of State's quality assessment review and how it would affect the timing of their next quality assessment review. It was decided that when the review was accepted and the Board sends a release letter, the letter should state the period of the review, disclose the scope and what standards were in affect when the review was done and state the period of the review. To meet the requirement of having a quality assessment review every five years, the date of the Secretary of State's next review should be

calculated by adding five years from the date of the original review period. Therefore, the Secretary of State's next review would be due in 2012.

Old Business

By-Laws Revisions –

Ms. Morgan distributed proposed changes to the SIAAB Bylaws. These changes will clarify language in Article I – Administrative Bylaws, Section IV Committees, 4.2, Performance Committee.

1. 1st sentence, add after “The” the following language: “Board’s Vice Chair oversees the”.
2. Delete the last sentence of the first paragraph, and replace with the following language: “The CPE Coordinator also serves on the Performance Committee and is responsible for coordinating the Board’s quality assurance review training program.”

Motion was made to accept the revisions to the Bylaws by Ms. Cummings, seconded by Ms. Bowyer and the motion carried.

New Business

Fall Conference Survey

Jewel Bishop presented the results of the Fall Conference Survey. Comments were mostly favorable toward the location of the conference and presentations. The biggest problem noted was with the round table discussions. The configuration of the conference room did not lend itself well to roundtable discussions and, particularly the first day, the roundtables needed more direction.

Ms. Bishop also updated the Board on the finances for the conference. To date, all but payment from five entities has been received – for a total of \$4,700 collected. \$950 is still outstanding, but payment is expected shortly for all with the possible exception of \$150. The \$150 is for three staff members from a State agency that were registered to attend the conference. On November 3rd, Ms. Bishop received an email stating that all three would be unable to attend the conference due to a “staffing medical emergency.” At the time of cancellation, they were informed that the final count had been turned in to the conference site and there was a possibility that they might have to be charged for the full conference fee (\$50/per person, total of \$150). The Board discussed this matter and agreed to waive the conference fee for the staff person with the “medical emergency.” The Board asked Ms. Bishop to contact the agency for clarification.

Questions Raised Regarding CAE Statutory Term Limit

Ms. Morgan reported that she received an e-mail from Ron Cierny, Chief Internal Auditor, Northeastern Illinois University with questions pertaining to the recent changes in FCIAA. The questions are as follows:

1. Have the reasons been provided as to why FCIAA Section 2002(c) was changed to include a 5-year limit on the appointment of State Chief Internal Auditors? If so, what were the reasons?

2. Can we obtain guidance as to reasons or cause for a State of Illinois Chief Internal Auditor not being reappointed?
3. In the case of a one-person Internal Audit department, what would happen to a Chief Internal Auditor that is not reappointed? Should the respective agency establish a staff Internal Auditor position to be filled by the Chief Internal Auditor that is stepping down (unless the nonreappointment is due to reasons that would ordinarily result in termination of employment)?
4. There appears to be lack of uniformity among State of Illinois agencies as to whether the Chief Internal Auditor position should be a Civil Service Position or an Administrative and Professional (management-type, non Civil Service) position. Note: It seems that the State Universities Civil Service System has indeed set the Civil Service Internal Auditor Levels 4 and 5 as appropriate for the position of Chief Internal Auditor.

The Board discussed Mr. Cierny's inquiry. The Board noted that the Legislature did not seek the Board's input on the recent changes to FCIAA; therefore, the Board could not comment as to the intention of the law. Motion was made by Ms. Cummings that a letter should be sent to Mr. Cierny directing him back to his entity's Legal Counsel and Chief Executive Officer, Steve Kirk seconded the motion, and the motion carried. Ms. Zemaitis will respond to Mr. Cierny with the Board's decision.

2010 Board Calendar

Ms. Bishop presented the 2010 meeting calendar. Board meetings are scheduled for the second Wednesday of the month at 10:00 a.m. except for the months of February, March, May, June and October when the meetings are scheduled for 1:00 p.m. These changes were necessary as the meeting facility was not available in the morning for the specified months. The only conflict noted for the proposed dates was for the March 10, 2010 meeting. It was requested that the March meeting be moved to March 3rd, if possible. Ms. Morgan made a motion to accept the 2010 meeting calendar dates with the March 10th change, Ms. Cummings seconded the motion, and the motion carried.

Performance Committee

Ms. Morgan received another e-mail from Ron Cierny wanting an opinion from the Board as to whether or not he was in compliance with QA Matrix item AS 1111 regarding "Direct Interaction with the Board." After discussion, it was decided that based on the reporting structure of his office that Mr. Cierny described in his email, he did not appear to be in compliance with AS 1111. Ms. Morgan will respond to Mr. Cierny that based upon the information he provided to the Board, it does not appear that he is in compliance with AS 1111 of the Board's QA Matrix.

Ms. Morgan also reported that she had received an inquiry from Natalie Covello, Illinois Housing Development Authority (IHDA), about whether a copy of a State audit organizations' periodic quality assessments must be submitted to the SIAAB. Ms. Morgan responded to Ms. Covello and Barbara Manning, IHDA Chief Internal Auditor with the following: "The Board requires State internal audit organizations to complete a periodic internal quality assessment to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics, the Standards and

FCIAA. The Board requires that these periodic internal quality assessments be conducted using the Board's QA Matrix (current version attached) whenever significant changes occur in internal audit personnel or within a year of significant IIA Standards changes (January 1, 2009). Since the IIA Standards were significantly revised effective January 1, 2009, the Board requires that the periodic internal assessment be completed by each audit organization no later than by December 31, 2009. The Board does not require State internal audit organizations to submit their periodic internal quality assessment.

Ms. Morgan further reported that she had received an email from Ms. Cummings that was sent to Ariana Jaupi, Illinois State Toll Highway Authority (ISTHA), regarding the November 18, 2009 distribution letter for the ISTHA's external quality assessment. Ms. Cummings provided further clarification to Ms. Jaupi on the Board's position and the external assessment subsequent review process. Following Ms. Cummings' email, Ms. Morgan received a subsequent inquiry from Ms. Jaupi concerning whether the Board has adopted standard language to be used for explanatory paragraphs that are required to be used by all State audit organizations whenever the organization is not in full conformance with the Standards, Code of Ethics and/or FCIAA. Ms. Morgan informed Ms. Jaupi that the Board had not adopted specific language since it was dependent upon the results of the external quality assessment results. Ms. Morgan provided Ms. Jaupi with an example of the language that could be used and then modified to fit specific nonconformance circumstances.

Executive Committee

No business at this time.

Announcements

The next regular meeting is scheduled for January 13, 2010.

Adjournment

A motion to adjourn the Regular Session was made by Ms. Morgan, seconded by Mr. Kirk and the motion carried. The meeting was adjourned at 12:05 p.m.