

STATE OF ILLINOIS
INTERNAL AUDIT ADVISORY BOARD

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

MINUTES

Board Meeting, July 14, 2010
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 10:14 a.m. by Julie Zemaitis, Chair. The meeting started behind schedule due to connectivity issues.

ROLL CALL

Members Present/Location

Julie Zemaitis (Chair), University of Illinois – Springfield
Lesslie Morgan (Vice Chair), Office of the Attorney General – Springfield
Rusti Cummings, Office of the Comptroller – Springfield
Spenser Staton, Illinois Department of Central Management Services – Springfield
Barb Ringler, Office of the Treasurer – Springfield
Nancy Bowyer, Office of the Secretary of State – Chicago

Members Absent

None

Barb Ringler subsequently departed the meeting at 11:15 a.m.

Ms. Zemaitis introduced Spenser Staton, Chief Internal Auditor for the Department of Central Management Services, and welcomed him to the Board.

MINUTES

The minutes for the June 9, 2010 meeting were reviewed and revisions made as follows:

Page 1, correction to previous revision to the May 12, 2010 meeting minutes, first sentence regarding FCIAA to replace the word “dictate” with “state” and clarify outsourcing in accordance with IIA Standards. The FCIAA quote was revised to read “FCIAA requirements state that the Internal Audit function located within the entity should be full time, but specialized skills to conduct specific audits could be outsourced in accordance with IIA Standards.” Ms. Zemaitis questioned whether a provision exists to amend previously approved and posted minutes. It was decided that a motion could be made to amend previous minutes due to the discovery that the minutes were not

worded correctly. A motion was made by Ms. Cummings to amend the May 12, 2010 minutes and seconded by Ms. Ringler. The motion unanimously carried.

Mr. Staton motioned to approve the June 9, 2010 minutes as revised and Ms. Ringler seconded. The motion unanimously carried.

REPORTS

CPE Coordinator – Online Quality Assurance Review Training Update

Ms. Morgan reported that there were three individuals registered for the on-line training; two from Southern Illinois University and one from Western Illinois University. All three individuals have completed the on-line training course. CPE certificates were mailed; one to Western Illinois University on July 8, 2010, and two for Southern Illinois University on July 14, 2010. Ms. Morgan stated that no other individuals are currently registered for the course.

Ms. Morgan stated that the revision to the on-line training course to reflect the change in IIA Standards will have to be made in December 2010 since the Standards will be changing in January 2011. Ms. Morgan also stated that after the course has been updated to reflect the updated Standards, anyone who has previously taken the course will have to take it again or they can take it again to obtain additional CPE.

Ms. Morgan presented for future consideration that CPE hours for participating on the on-line training course might need to be changed to 3 CPE hours, or retained at 4 CPE hours, depending on how long the revised course will take to complete. Changes to the number of CPE hours to be awarded will be determined once the Board Officers have had a chance to take the revised course prior to posting on the website.

FOIA Officer –

Ms. Cummings stated no FOIA requests have been received.

Ms. Cummings indicated that Ms. Zemaitis had previously posed two questions.

Ms. Zemaitis' first question pertained to access to the FOIA and Open Meetings Act Training on the Attorney General's website. Ms. Cummings stated that the FOIA encourages all people to take the test and the test can be taken by any public individual without the need for an ID or password. However, if an agency has designated an individual as a FOIA representative, that individual is required to use an ID and password in order to get a certificate to confirm the completion of the test.

Ms. Cummings further explained that the FOIA encourages everyone from the Board to take the FOIA training in order for everyone to be aware of the requirements that each member needs to adhere to as a Board. Ms. Cummings also reminded the Board that as new members are appointed they will also need to take the FOIA training. Ms. Cummings indicated that she and Ms. Ringler, as FOIA Officers, are required to take this test every year on behalf of the Board.

Ms. Zemaitis' second question pertained to meeting notifications in the event of a change in meeting date. Ms. Cummings explained that Section 2.02 talks about changing a specific/singular meeting and that a 48-hour notice is required to change a specific/singular meeting. Ms. Cummings further explained that Section 2.03 deals with making changes to the schedule of regular meeting dates. Ms. Cummings stated that an example when calendar dates can be changed would be if a member's schedule changes to prevent that member to attend the regular meetings as scheduled and that member's presence is required for a quorum. A change on calendar dates requires a 10-day notice to be posted in a public newspaper, such as the State's newspaper. Ms. Cummings indicated that the distinction is whether the Board needs to reschedule an individual meeting or reschedule the whole calendar.

Ms. Cummings explained that 48-hour notice is required for special meetings unless the request for a special meeting is due to an emergency. Ms. Zemaitis reiterated that if the Board is talking about adding meetings to the schedule, these will be special meetings the Board would be adding, not a change to the Board's regular meeting dates. Ms. Cummings added that if for some reason the Board meets and the attendance is less than a quorum, the Board can reconvene without the additional 48-hour notice.

Ms. Cummings proceeded with the FOIA Officer's report. She apologized for not getting a letter out to the PAC regarding the test questions and the quality assurance answers. Ms. Cummings indicated that she expects this to be done by August.

Ms. Cummings indicated that Ms. Ringler will also have a FOIA Officer e-mail address as a contact for FOIA communications. Ms. Cummings further explained that the only reason the Board has a FOIA e-mail addresses for purposes of records retention for the Board. If a communication is sent for the Board that deals with records retention, that correspondence should be sent to the FOIA Officer's e-mail.

Recess for Committee Meetings –

The regular session of the Board recessed at 10:37 a.m. for Committee meetings.

Performance Committee –

Discussion of the Quality Assurance Review for the Office of the Secretary of State.

Ms. Morgan inquired whether Mr. Staton had signed a confidentiality or independence form before moving forward with this discussion. Mr. Staton indicated that he had not signed the forms. Ms. Zemaitis thanked Ms. Morgan for bringing this matter to the Board's attention. It was decided to have Mr. Staton complete and sign a confidentiality form and independence form. Mr. Staton completed the two forms.

Ms. Morgan informed Ms. Bowyer that she had the April 12, 2010, letter that Ms. Morgan sent to Ms. Bowyer and Ms. Zemaitis and asked Ms. Bowyer for her approval to give a copy of the letter to the Board for discussion. Ms. Bowyer agreed.

Ms. Morgan informed Ms. Bowyer that she also had the Performance Committee's review that was initially done by Jim Kincaid and sent to Ms. Bowyer on an e-mail dated February 23, 2010. Ms. Morgan

asked Ms. Bowyer for her approval to give a copy of the document to the Board for discussion as well. There was a question whether these documents are considered FOIA-able or not. Ms. Cummings indicated that since this is an internal audit document, they might not be. However, Ms. Cummings suggested that the Board confirm this with the PAC. Ms. Morgan stated that providing these documents to the Board for discussion would be helpful in order to give the whole picture of the concerns raised.

Ms. Morgan distributed the documents. Ms. Morgan stated that during their review they noticed several areas of concerns that they believed should be discussed by the Executive Committee and/or the Board. Ms. Morgan indicated that on her communication to Ms. Bowyer, Ms. Bowyer thought that this should be a Board issue and that is why it is being brought to the entire Board.

Resume Regular Session –

Ms. Morgan proceeded. Ms. Morgan indicated that there are two documents included with the letter, which included a memorandum dated February 23, 2010, that she received from Jim Kincaid. Ms. Morgan proceeded to read this document.

Ms. Morgan indicated that in her summary as a Performance Coordinator, she believed that she needed to do a follow-up review in order to feel comfortable with how she would proceed with the Executive Committee. For the follow-up review Ms. Morgan went through what was provided by Jim Kincaid and what she had in her records. Ms. Morgan proceeded to read the additional information.

Ms. Morgan stated that this information was provided to the Executive Committee on April 12, 2010, but was not presented to the Board, although it has been on the Board's agenda due to other business that took precedence and the lack of available time by the Board to consider it. Ms. Morgan also stated that the Performance Committee does not recommend the acceptance of the report as stated.

Ms. Morgan added that this review was to be completed by January 1, 2007. She indicated that she had communicated with Mr. DiSilvestro back and forth and that Mr. DiSilvestro was to provide the report back to their office by December 18th for review, but that Mr. DiSilvestro was not able to do so. Ms. Morgan added that this review does not weigh on Ms. Bowyer's current audit function. Ms. Morgan indicated her regret to have to make this recommendation, but that based on the information that the Performance Committee has seen, is submitting to the Board for discussion based on Ms. Bowyer's request.

Ms. Zemaitis reiterated that this is not reflective of Ms. Bowyer's current function. Ms. Zemaitis added that this is an issue that is historical and that Ms. Bowyer inherited. Ms. Zemaitis open this matter for discussion by the Board.

Ms. Bowyer thanked the Board for their hard work on this matter. Ms. Bowyer indicated that she wanted to be sure she had exhausted all avenues and to reiterate that the QAR was performed by a reputable public accounting firm. Ms. Bowyer did not feel the report should be dismissed given that the independent firm did the work and had a substantial set of workpapers they relied on to come to the

conclusion that the Secretary of State was acceptable. If the Board does not accept the report, Ms. Bowyer stated that that would be a conclusion she would have to accept.

Substantial discussion by the Board followed. The Board discussed the question of how the firm came to their overall “generally conforms” opinion given the number of areas that they had assessed as either “partially” or “does not conform.” Ms. Morgan clarified that the report is dated December 22, 2006, and that at that time, the Board did not allow a “generally conforms” overall opinion if there were any areas assessed as “partially conforms” or “does not conform.” Ms. Morgan added that any other entity that went through a QAR for the first round that was due by January 1, 2007, was held to the same requirement. Ms. Morgan stated that if the Board were holding this report five years ago, the Board would have to hold the Office of the Secretary of State to the same requirements as the other entities.

(Video conference call disconnected at 12:15 p.m. after two hours had transpired. Connection was re-established between Chicago and Springfield locations at 12:19 p.m.)

The Board also discussed questions regarding the firm’s compliance with the SIAAB’s Quality Assurance Review Program, including 1) some team members had not completed the quality assurance on-line course, 2) the firm did not interview the agency head, 3) and the firm’s original checklist did not address FCIAA compliance but their matrix did.

Discussion ensued regarding what the Board would recommend as an overall opinion.

Ms. Cummings suggested each Board member look at the conclusions made by the firm and take more time to look at each one and their relative significance, and re-discuss at the next Board meeting. Ms. Zemaitis concurred. Ms. Zemaitis indicated the importance of being consistent in the rationale and methodology used in the past for the agencies that had their QARs during that time period. Ms. Zemaitis added that it would be helpful to look at those situations where the Board came to a “does not conform” conclusion and what was the significance of the issues that brought the Board to that conclusion. Ms. Cummings agreed to provide to the Board members prior to the next meeting data that the Board used in the past in coming to those conclusions.

Ms. Morgan stated that the Performance Committee had made its recommendation.

OLD BUSINESS

Fall Conference

Ms. Cummings reported that the Comptroller’s Office would not be able to offer anyone to speak on GASB. Ms. Cummings indicated that Scott Reeser resigned his position and that the timing is such that her office will not be able to assign anyone to give a presentation.

Ms. Zemaitis reported that she has approached Bruce Bullard of the Office of the Auditor General and that Mr. Bullard will confirm with Auditor General Holland on whether they will be speaking at the fall conference. Ms. Zemaitis also reported that she contacted the FBI. The FBI Office indicated that the individual who has previously spoken on white collar crime is no longer on that division. Information

has been forwarded to another individual in hopes to find someone else from the FBI to come to the fall conference and talk about white collar crime. Ms. Zemaitis indicated that she has also solicited the universities for university-specific discussion topics.

Ms. Morgan reported that she has communicated to various people from her office and asked if anyone can do a presentation on the Privacy Protection Act and indicated that she will have that information before the next meeting.

Ms. Cummings inquired about communicating the fall conference dates. Ms. Zemaitis confirmed that the dates for the conference are October 26 and 27, 2010. The site will be the Northfield Inn and Suites in Springfield. Ms. Zemaitis stated that she will send a "save the date" e-mail communication once the Board has an updated directory. Regarding the IOIA deconsolidation, Mr. Staton will provide updated directory contact information.

NEW BUSINESS

Bylaws Revisions – Deferred until August meeting (previously deferred for the July meeting)

SIAAB Record Retention Policy – Deferred until August meeting (previously deferred for the July meeting)

Minutes of Closed Meetings – Deferred until August meeting (previously deferred for the July meeting).

Possible Additions to Regular Schedule of Meetings – Deferred until August meeting (previously deferred for the July meeting)

ANNOUNCEMENTS

The next regular meeting will be August 11, 2010 at 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 9-035 of the JRTC has been reserved.

ADJOURNMENT

Ms. Zemaitis asked for a motion to adjourn.

A motion to adjourn the Regular Session was made by Ms. Morgan and seconded by Mr. Staton. The motion unanimously passed and the meeting was adjourned at 1:10 p.m.