

STATE OF ILLINOIS
INTERNAL AUDIT ADVISORY BOARD

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

MINUTES

Board Meeting, October 13, 2010

1:00 p.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 1:12 p.m. by Julie Zemaitis, Chair. The meeting was recorded for subsequent transcription of the minutes.

ROLL CALL

Members Present/Location

Julie Zemaitis (Chair), University of Illinois – Springfield
Lesslie Morgan (Vice Chair), Office of the Attorney General – Springfield
Tracy Allen, Office of the Comptroller – Springfield
Nancy Bowyer, Office of the Secretary of State – Chicago
Doug Hawthorne, Illinois Department of Revenue - Springfield
Steve Kirk, Illinois Department of Transportation – Springfield
Barb Ringler, Office of the Treasurer – Springfield
Spenser Staton, Illinois Department of Central Management Services – Chicago

Members Absent

Rusti Cummings, Office of the Comptroller

Ms. Zemaitis welcomed two new Board Members, Doug Hawthorne and Steve Kirk, and introduced Tracy Allen attending on behalf of Ms. Cummings. Ms. Cummings delegated to Mr. Allen her voting rights for this meeting.

MINUTES

The minutes for the September 8, 2010, meeting were reviewed and revisions made as follows:

Page 2, first paragraph, correction statement for last minutes was corrected to read, *“Ms. Morgan confirmed that 50 minutes each for the Office of the Attorney General’s presentations on FOIA and the Identity Protection Act would be sufficient.”*

Page 5, Quality Assurance Review Program Revisions, revised for the first sentence to read, “Ms. Ringler suggested that the Frequently Asked Questions document should include information on how to obtain a validator or a reviewer and information on how to determine ‘generally’, ‘partially’, or ‘does not conform’ assessments.”

A motion was made by Mr. Staton to accept the September 8, 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 four individuals who completed the on-line course; one from Western Illinois University and three from Chicago State University. She also indicated that one individual from Chicago State University reported a problem with one of the on-line quizzes. Ms. Morgan further indicated that the Webmaster would be moving the on-line training course to use a new and more current application.

Ms. Zemaitis informed the Board that the current program being used for the QAR on-line course is being retired at the end of calendar year 2010 and will no longer be available. She stated that her office is currently exploring other course management options at the University of Illinois to replace the current QAR on-line course and will have additional information on what options are available at the next Board meeting.

Ms. Morgan indicated that she received her CPE license renewal document from the Illinois Financial Professional Regulations and that she would be completing the CPE renewal prior to the next Board’s meeting.

FOIA Officer –

Mr. Allen stated no FOIA requests have been received.

Mr. Staton inquired about independence and confidentiality statements for Mr. Hawthorne, Mr. Kirk, and Mr. Allen. Mr. Allen confirmed having completed and submitted his statements. Mr. Hawthorne and Mr. Kirk will complete and submit their statements to the Chair.

Quality Assurance Reviews –

Ms. Morgan, as the Assistant Quality Assurance Coordinator, presented the Quality Assurance Review (QAR) Team request from Nancy Bowyer, Office of the Secretary of State, for approval.

Ms. Morgan indicated that she received a Self-Assessment with External Validation form from Ms. Bowyer and that Ms. Bowyer requested to have Stacy Smith from the Teachers’ Retirement System

serve as the external validator for her QAR. Ms. Morgan confirmed that Ms. Smith has completed the on-line course and therefore is qualified to perform the QAR validation for Ms. Bowyer.

Ms. Morgan informed Ms. Bowyer that upon approval of Ms. Smith to perform the QAR validation for her agency, Ms. Bowyer will not be able to participate in any discussions dealing with the QAR performed for the Teachers' Retirement System.

Ms. Morgan expressed a concern regarding the timeline to complete Ms. Bowyer's QAR by March 1, 2011, and proposed changing the completion date to April 13, 2011. Ms. Bowyer agreed.

Quality Assurance Coordinator –

Ms. Zemaitis, as the Quality Assurance Coordinator, approved the Review Team for Nancy Bowyer, Office of the Secretary of State. Ms. Zemaitis will sign QAR Review Team request and send to Ms. Bowyer.

OLD BUSINESS

Fall Conference

Ms. Zemaitis informed the Board that 94 people have been registered to attend the fall conference to date and that the IIA has received a total of \$1,087.50 in registration fees.

Ms. Morgan requested to have attendance sign-in sheets for both the morning and afternoon for both days of the conference. She also requested a copy of the final registration list in order to issue CPE certificates to the attendees. Further, Ms. Morgan indicated that certificates would not be issued until after the conference.

Ms. Zemaitis indicated that she would send a reminder to those agencies that had not responded to her original conference notification.

Ms. Zemaitis provided copies of the final conference agendas to the Board members.

Ms. Morgan inquired about evaluation forms for each day of the conference. Ms. Zemaitis confirmed that evaluations would be available to all attendees. Ms. Zemaitis added that all items for the conference are ready to go; that the speakers are confirmed; and the hotel banquet orders have been finalized for the two-day conference.

NEW BUSINESS

SIAAB 2011 Meetings Calendar –

Ms. Zemaitis provided copies of the revised meeting dates for calendar year 2011 to the Board.

Ms. Morgan suggested removing the last sentence from the introduction paragraph which reads, “The meetings are set for the 2nd Wednesday of each month at 1:00 p.m. (unless noted otherwise).” Ms. Zemaitis agreed.

A motion to approve the calendar year 2011 meeting dates as revised was made by Mr. Staton and seconded by Ms. Morgan. The motion unanimously carried.

Records Retention Policy –

In the event that some SIAAB records might have been transferred to the State to archive, Mr. Staton indicated that he would verify with CMS to see if they have some of those records. Mr. Staton also indicated he would be going through the box of documents he received from Jewel Bishop.

Quality Assurance Review Program Revisions –

Ms. Morgan reiterated that the document for the Frequently Asked Questions (FAQ) was approved by the Board at its September 8th meeting.

[Barb Ringer departed the meeting at 2:45 p.m.]

Ms. Morgan suggested the following change to the language use for response to FAQ number 13:

“SIAAB has revised the Quality Assurance Matrix to incorporate both individual and overall conclusions on conformance with the IIA Definition of Internal Auditing, Code of Ethics and Standards, and compliance with the Fiscal Control and Internal Auditing Act. Nonconformance in one or more of the individual Standards would not in itself give rise to a ‘partially conforms’ or ‘does not conform’ opinion when the nonconformance was immaterial to the internal audit organization’s overall conformance with the IIA’s Definition of Internal Auditing, Code of Ethics, or Standards. However, since SIAAB has oversight over the State of Illinois internal audit organization’s external quality assurance reports, the Board may not accept an internal audit organization’s external quality assurance report if the opinion differs from the expectations and requirements established by SIAAB.”

Ms. Morgan proposed the revision to the language used for the question and response for FAQ number 4 as follows:

“Our internal audit organization was one of several agencies/offices required to complete a five-year external quality assurance review in CY2006 using a scope that covered the fiscal year ended June 30, 2006. SIAAB requires our next external quality assurance review to be completed in CY2011, what should the scope of our EQA/SAIV cover now that the IIA has announced that they will also be releasing new Standards effective January 1, 2011?”

“With the major IIA’s Standards update effective January 1, 2011, using a scope that encompasses FY2011 will be extremely burdensome to most internal audit organizations and their respective external reviewers/validators because it would involve both the IIA Standards applicable as of January 1, 2009 and January 1, 2011. Due to the IIA Standard’s changes occurring during FY2011, internal audit organizations may complete an external quality assurance review in CY2011 using a scope that is based upon CY2010 activities.”

Ms. Morgan proposed to also change the Quality Assurance Review Process document to use the same language as used for FAQ number 4.

Mr. Staton made a motion to approve both the FAQ document and the Quality Assurance Review Process document as revised. The motion was seconded by Mr. Kirk. The motion unanimously carried.

Ms. Morgan presented the changes to the Quality Assurance Report and indicated that the report encompasses the language from the current Standards and the definition of the opinion definition from the IIA.

Mr. Kirk made a motion to approve both the Quality Assurance Report document as revised. The motion was seconded by Mr. Allen. The motion unanimously carried.

Ms. Morgan presented changes to the External Quality Assurance Coordinator Review Checklist and indicated that this document has been updated to incorporate the current process and the language within the current process.

Mr. Kirk made a motion to approve both the External Quality Assurance Coordinator Review Checklist document as revised. The motion was seconded by Mr. Hawthorne. The motion unanimously carried.

Ms. Morgan presented the QAR Template and the QAR Example and indicated that the language to these two documents was changed to include the current language for the opinions.

Mr. Staton made a motion to approve both the QAR Template and the QAR Example documents as revised. The motion was seconded by Mr. Kirk. The motion unanimously carried.

[Doug Hawthorne departed the meeting at 2:50 p.m.]

SIAAB Bylaws Revisions –

Ms. Morgan started the discussion of proposed changes to the Bylaws. However, due to the pending adjournment of this meeting this item was deferred until November meeting.

ANNOUNCEMENTS

The next regular meeting will be November 10, 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

A motion to adjourn the Regular Session was made by Ms. Morgan and seconded by Mr. Kirk. The motion unanimously passed and the meeting was adjourned at 3:00 p.m.