

STATE OF ILLINOIS INTERNAL AUDIT

ADVISORY BOARD Web Address:

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

MINUTES

Board Meeting, January 12, 2011

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. Due to connectivity issues, the meeting was called to order at 1:15 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
Doug Hathorn, Illinois Department of Revenue - Springfield
Steve Kirk, Illinois Department of Transportation – Springfield
Marcus Dodd, Illinois Department of Employment Security – Chicago
Jane Cullen, Illinois Department of Aging - Springfield
Lisa Labonte, Illinois Department of Natural Resources – Springfield
Barb Ringler, Office of the Treasurer – Springfield
Nancy Bowyer, Office of the Secretary of State – Chicago
Amy Walters, Illinois Department of Central Management Services - Springfield

Members Absent

Spenser Staton, Illinois Department of Central Management Services

Guests Present/Location

Eduardo Mascorro, University of Illinois – Springfield

Ms. Zemaitis informed the Board that Ms. Walters is representing Mr. Staton and that Mr. Staton delegated his voting rights to Ms. Walters.

Ms. Zemaitis related a message to the Board from Ms. Cummings and informed the Board that Ms. Cummings has left the Office of the Comptroller and will not continue her membership role in the

Board. Ms. Zemaitis further recognized the many contributions that Ms. Cummings has made to the Board over her seven and a half years of service, and expressed appreciation on behalf of the Board.

Ms. Zemaitis introduced Mr. Mascorro, SIAAB Webmaster, from the Office of University Audits, University of Illinois.

MINUTES

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

Page 4, third paragraph under IIA Standards was revised to read, "Mr. Kirk suggested that the SIAAB consider adopting a process for the issuance of formal guidance similar to the IIA Practice Advisories whenever it is necessary to provide guidance and clarification on an SIAAB interpretation of the Standards. This process should include a formal comment period during which input is gathered from State internal auditors. This would be in addition to the listing on the SIAAB Quality Assurance Matrix and would be more detailed. Mr. Kirk stated he would be willing to work on drafting a process for this and work on formal interpretations."

A motion was made by Ms. Labonte to accept the December 8, 2010, minutes as revised and Mr. Hathhorn seconded. The motion carried unanimously.

REPORTS AND UPDATES

CPE Coordinator – On-line Quality Assurance Review Training Update

Ms. Morgan reported that nine individuals have registered to take the on-line training course during the past month. Ms. Morgan further reported that seven of these individuals have since completed the on-line training course and that two individuals are pending course participation. One of the two individuals is pending to take the course covering the Standards effective January 1, 2009, using the new on-line course platform and the second individual is pending to take the course covering the Standards effective January 1, 2011. Ms. Morgan indicated that she has not started updating the 2011 course and this is pending until the Bylaws and Matrix have been finalized.

FOIA Officer Update –

Ms. Ringler reported that no FOIA requests were received.

Quality Assurance Coordinator / Assistant Quality Assurance Coordinator –

Ms. Zemaitis followed-up on her responses to two questions received from Ron Cierny from Northeastern and from Kim Labonte from Southern Illinois University. Ms. Zemaitis reported that Mr. Cierny expressed his gratitude to the Board for consideration to his question and that he had no further questions. Ms. Zemaitis reported that Ms. Labonte's response again raised the question on whether there can be reciprocal reviews between two organizations if there are different people involved in conducting the quality assurance reviews and requested the Board discuss and provide clarification.

Ms. Morgan cited the Practice Advisory 1312.1, item five, which indicates that peer reviews between two organizations will not pass the independence test. Ms. Zemaitis will follow-up with Ms. Labonte and will provide her with the IIA reference and clarify that the guidance regarding independence is directed at the organizational level and not at the individual level. Ms. Zemaitis will copy the Board on her correspondence to Ms. Labonte.

Ms. Morgan reiterated that the SIAAB's CPE license has been received and it has been posted with the IDFPR for 2011. Ms. Morgan also reported that the IIA has cleared the use of the new *Standards* and Practice Advisories for purposes of the Board. This will require that all IIA copyright references be updated on all QAR materials with a copyright of 2011.

OLD BUSINESS

Fall Conference –

Ms. Zemaitis reiterated that the total amount to be collected for the Fall Conference is \$7,500.00. Ms. Zemaitis reported that the \$6,430.84 invoice for the cost of the conference was received and has been paid. Ms. Zemaitis further reported that only \$600 is still pending receipts from two agencies.

Ms. Zemaitis reported that she received an additional conference fee waiver from Denise Caldwell from DCFS. Ms. Caldwell was not able to attend the conference due to a work-mandated event. Since the request for the waiver was received after the SIAAB's cancellation policy cut-off day, the fee waiver was presented to the Board for approval. Ms. Morgan made a motion to approve the Fall Conference fee waiver for Ms. Caldwell and the motion was seconded by Mr. Kirk. The motion carried unanimously.

Records Retention Policy –

Ms. Ringler will check correspondence received from Ms. Cummings related to the Records Retention Policy and will follow-up with the Board at the February 2011 meeting.

SIAAB Bylaws Revisions –

Due to a scheduling conflict for the use of Room 9-035 at JRTC in Chicago, Mr. Dodd and Ms. Bowyer had to terminate the videoconference at 2:03 p.m. As an alternative, Mr. Dodd called in to the meeting at the Capital City Center, Room 104, in Springfield from a different location and continued his participation via teleconference at 2:13 p.m. Mr. Dodd informed the Board that Ms. Bowyer had to leave.

In compliance with to the requirements of Section 1.5.2 of the Bylaws, the Board voted to allow Mr. Dodd's participation from a different location than previously posted. A motion to allow Mr. Dodd to participate via teleconference from a different location was made by Mr. Kirk and seconded by Ms. Ringler. The motion carried unanimously.

The following revisions to the Bylaws were made:

- Page 3, under Section 1.3.2 Election of Officers, added a hard return to separate the third and fourth paragraphs.
- Page 4, under Section 1.4.2 Quality Assurance Coordinator, second bullet, revised to read, *“containing Board approval of Statement of Independence and Confidentiality Commitment Forms from each Board member at the March meeting or as changes occur.”*
- Page 7, under Section 1.5.1 Meetings, second sentence, revised to read, *“A schedule of the dates, times, and places of such regular meetings shall be approved by the Board prior to the end of the calendar year for the following calendar year.”*
- Page 9, under Section 1.5.4 Recording of Meetings, second paragraph, second sentence, revised to read, *“The minutes shall be made available to the public within 10 days of the Board’s approval by posting such minutes on the Board’s website.”*
- Page 21, under Section 3.1.2 Definitions, ninth paragraph, revised to read, *“Quality Assurance Report is the document prepared by the Internal Audit Organization and Quality Assurance Review Team to report on quality, conformance, and compliance of an Internal Audit Organization resulting from a quality assurance review.”*
- Page 21, under Section 3.1.2 Definitions, tenth paragraph, revised to read, *“Quality Assurance Report is an independent, external quality assurance assessment or a self-assessment with independent external validation of the quality and performance of an Internal Audit Organization’s conformance with the Standards and Code of Ethics adopted by the Board’s Bylaws in Article II, Sections III and IV.”*
- Page 22, under Section 3.2.2 Purpose, item number 1, revised to read, *“The Internal Audit Organization is operating in compliance with applicable provisions of FCIAA and in conformance with the Standards and Code of Ethics adopted by the Board’s Bylaws in Article II, Sections III and IV.”*
- Page 23, under Section 3.4.2 Establishing of Standards, first paragraph, first sentence, revised to read, *“On December 8, 2009, the SIAAB adopted the changes to the IIA’s International Standards for the Professional Practice of Internal Auditing (Standards) effective January 1, 2011.”*
- Page 24, under Section 3.4.3 Review Teams, third paragraph was deleted.
- Page 25, under Section 3.4.4 External Quality Assurance Review Reports, first paragraph, fourth sentence, revised to read, *“The Internal Audit Department’s Quality Assurance Report and Quality Assurance Matrix should be forwarded to the Assistant Quality Assurance Coordinator.”*

- Page 25, under Section 3.4.5 Resolution of Disputes was revised to delete second paragraph.
- Page 26, under Section 3.4.7 Final Disposition of Quality Assurance Documents, first paragraph, first sentence revised to delete “*Summary Memo*”.
- Page 26, under Section 3.4.7 Final Disposition of Quality Assurance Documents, second paragraph, revised to read, “*For agencies subject to the State Records Act (5 ILCS 160), External Quality Assurance documentation should be retained until the completion of the next external quality assurance review but no less than 5 years.*”

A motion to approve the Bylaws as revised was made by Ms. Ringler and seconded by Mr. Hathhorn. The motion carried unanimously.

QAR Matrix –

Mr. Kirk will go through the Matrix and identify where additional clarification is needed in order to present more detailed, formal interpretations and will present to the Board at the February 2011 meeting.

Ms. Zemaitis proposed discussion and approval of the revisions to the Matrix by Ms. Cullen be deferred to the February 2011 meeting in order to provide adequate time for the Board members to review the Matrix.

NEW BUSINESS

Chair and Vice Chair Nominations –

Ms. Zemaitis opened nominations for a new Board Chair and Vice Chair. Nominations were made as follows: Ms. Labonte nominated Mr. Kirk for new Chair; Ms. Ringler nominated Ms. Morgan for new Chair; and Ms. Morgan nominated Mr. Kirk for new Vice Chair.

A motion to close nominations was made by Mr. Dodd and seconded by Ms. Labonte. The motion carried unanimously. The Board will vote on the new Chair and Vice Chair at the February 2011 meeting and will vote on the new Chair’s Coordinator appointments at the March 2011 meeting.

Open Meetings Act –

Ms. Zemaitis informed the Board that she sent the revised draft of the proposed statute from Mr. Marty Green and asked the Board for revisions to the legislation document. Ms. Morgan identified a change on page 2 of this document to add the word “International” as part of the IIA Standard’s formal name reference. Ms. Zemaitis will relate this correction to Mr. Green.

Illinois Compass Overview –

Mr. Mascorro provided a brief overview of the new registration process for the QAR on-line training course using Illinois Compass. Ms. Morgan, Ms. Ringler, and Ms. Zemaitis volunteered to take the on-line training course to make sure content and grade book were properly transferred from Mallard to Illinois Compass prior to processing new course registrations.

OTHER NEW BUSINESS

IIA Government Membership –

Ms. Walters reported that Mr. Staton inquired about the possibility of a group membership to the IIA for the State of Illinois agencies and stated that it may be a possibility that this membership can go through CMS. Ms. Walters indicated that Mr. Staton will follow-up and get a definite response on how to get this accomplished.

ANNOUNCEMENTS

The next regular meeting will be February 9, 2011, at 1:00 p.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 meeting was made by Ms. Morgan and seconded by Mr. Kirk. The motion carried unanimously and the meeting was adjourned at 3:59 p.m.