

**STATE OF ILLINOIS**  
**INTERNAL AUDIT ADVISORY BOARD**

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

**MINUTES**

**Board Meeting, March 14, 2012**

**1:00 p.m.**

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**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 2-201, Chicago, Illinois. The meeting was called to order at 1:08 p.m. by Stephen Kirk, Chair.

**ROLL CALL**

**Members Present/Location**

Stephen Kirk, (Chair), Illinois Department of Transportation– Springfield

Tracy Allen, Office of the Comptroller – Springfield

Jane Cullen, Illinois Department on Aging – Springfield

Lisa LaBonte, Illinois Department of Natural Resources – Springfield

Barb Ringler, Office of the Treasurer- Springfield

Doug Hathhorn, Illinois Department of Revenue- Springfield

Julie Zemaitis, University of Illinois – By telephone

**Members Absent**

Spenser Staton, (Vice-Chair) Illinois Department of Central Management Services

Lesslie Morgan, Office of the Attorney General

Marcus Dodd, Illinois Department of Employment Security

\*\*\*Nancy Bowyer, Office of the Secretary of State

**Non-Members Present**

N/A

\*\*\* It should be noted that Nancy Bowyer was present at the Conference Room in Chicago but she was the only one present and she did not know how to work the equipment and the Springfield group was unable to get her attention. She was therefore unable to participate and eventually left the meeting site.

## **MINUTES**

The February 8, 2012, meeting minutes were presented to the Board for discussion and approval. A motion was made by Ms. LaBonte and seconded by Ms. Cullen to accept the February 8, 2012 minutes. The motion carried unanimously.

## **REPORTS AND UPDATES**

### **CPE Coordinator –**

Ms. LaBonte reported that since the previous meeting, three individuals had successfully completed the 2011 version of the SIAAB External Quality Assurance Review Training Course and two of those people have been issued their certificate and she will be processing the other one soon. One individual is currently registered and pending completion.

Ms. LaBonte discussed a request from Eduardo for SIAAB to decide whether the Board wanted to move the 2010 version over to the new system or just archive it. Ms. LaBonte proposed that as long as the content from the previous examination was archived, there would be no need to move it over to the new platform since no one would need to access the old examination directly. Ms. Zemaitis confirmed that in fact the old examination would be archived and could be accessed if necessary.

Motion: Ms. Labonte motioned, “As long as the 2010 examination is retained in a retrievable copy, that only the 2011 system be moved on to the new Illinois Compass System.”

Second: Ms. Cullen

The motion carried unanimously.

### **FOIA Officer –**

Ms. Ringler stated that there was nothing to report since the previous SIAAB meeting.

### **Guidance Coordinator –**

Mr. Kirk reported that he had not received any request for guidance since the previous meeting.

### **Board Appointments –**

Mr. Staton was not able to attend the meeting so no update was provided.

## **OLD BUSINESS**

### **Quality Assurance Reviews – Current Reviews and Requests –**

Mr. Kirk provided an update.

- **Reports and work papers received and under review**

The QAR Report and work papers were received from the Illinois Housing Development Authority and the review was assigned to Anita Geter on March 2, 2012 by Spenser Staton.

- **External Quality Assurance Reviews Due CY12:**
- **Illinois State Board of Education** - No official Request for Team Approval Received – EQA Completion Due March 2, 2012 has been submitted, Ms. Oller has communicated that she plans on submitting a request within the next two months. Chair Kirk received a telephone call from Ms. Oller and answered questions about the process and the selection of the independent validator. Ms. Oller indicated she would be requesting someone as an independent validator soon.
- **Illinois Office of the Comptroller** - No external quality assurance review has been conducted or initiated since the IIA five-year external quality assurance review requirements became effective on January 1, 2002. EQA completion will be due following the close of FY2012.
- **Illinois Supreme Court** - Although the Supreme Court is not subject to the Board’s oversight of its External Quality Assurance process, the Supreme Court’s Chief Internal Auditor is responsible for conducting an external quality assurance review pursuant to IIA’s Standards if they use the IIA’s "Conforms with the International Standards for the Professional Practice of Internal Auditing" within their Internal Audit Charter or reports.

#### **SIAAB 2012 Training –**

Ms. Zemaitis presented a draft questionnaire to SIAAB to send to Chief Internal Auditors to obtain feedback for the conference. The following suggestions were made regarding the draft: #9 Separate State Government vs. General topics and add a range for #10 of \$300-\$500.

Motion: Ms. Ringler “Accept the Questionnaire with the proposed changes to be sent to all Chief Internal Auditors.”

Second: Tracy Allen

The motion carried unanimously.

Ms. Zemaitis stated that she would send the questionnaire as revised to all Chief Internal Auditors. SIAAB members thanks Ms. Zemaitis for handling this matter on behalf of SIAAB.

#### **SIAAB 2012 Projects –**

A discussion was held regarding the responsibilities of SIAAB. Chair Kirk asked that everyone frame their points within the context of the specific SIAAB charges outlined in FCIAA. This would allow a framework under which members could discuss specific activities that center around these areas of authority given to SIAAB under FCIAA and those areas members believe are not activities for which SIAAB has responsibility or authority. Chair Kirk then opened the topic for discussion.

Ms. LaBonte pointed out that during her Opening Meetings Act Training; she noted that on page 16 of 62 of the training it stated that since we are an advisory board certain provisions do not apply. For example, an advisory board may make up their own electronic rules they do not have to follow those outlined in the Open Meetings Act. Ms. LaBonte noted that she believed SIAAB was an advisory board.

Ms. LaBonte reported that she had reviewed the Attorney General's process for requesting an opinion. She stated that it requires the letter to articulate a clear and concise question of law. This requires a detailed and complete statement of facts on which the issue arises. Ms. LaBonte indicated SIAAB could refer to the three charges under FCIAA and ask for guidance, but she was not sure if that would be specific enough. Chair Kirk indicated that he thought we still needed to go through the process of gathering and debating what SIAAB members felt were the functions and authority of the Board first.

Ms. LaBonte asked the members the question, "What is an advisory board?" Chair Kirk pointed out that he believes there is also a difference between a typical agency advisory board that an agency consults with for advice on say a specific industry and the functions of SIAAB.

Ms. LaBonte noted that she believed if SIAAB was more than advisory that we would need JCAR Rules. Ms. LaBonte noted that she believes this is especially true if SIAAB continues its same process for Peer Reviews since under the current process SIAAB issues the report to the agency head.

Mr. Hathhorn agreed SIAAB should look at what "coordinating peer reviews" means. He noted that he believed the Standards covered Quality Assurance Reviews pretty well and they do not envision an outside entity like SIAAB issuing the report. In addition, he believed that the promulgation of Standards and interpreting their application to State government as well as providing government training were all things SIAAB should continue to perform since these are specifically listed in FCIAA. Mr. Hathhorn did note that he was not sure if ½ hour credits for CPE were allowed. He believed the standard was 1 hour of CPE for each 50 minutes of classroom time and that no CPE should be issued in less than one hour increments. The local IIA chapter has issued it in ½ hour increments and he is not sure that is correct. Mr. Hathhorn agreed to check the requirements and report back to SIAAB.

Ms. LaBonte noted that during a previous QAR that she went through she thought the process was too subjective and SIAAB had too much authority over her peer review. Ms. LaBonte noted that the process was better now than it was at the time she had her QAR.

Mr. Hathhorn noted he did not believe SIAAB should review and approve anyone's QAR report because that is the responsibility of the Chief Internal Auditor in accordance with the Standards and FCIAA. SIAAB should just coordinate such as tracking who has a QAR due and when it is due. He believed having the on-line training course and a list of qualified reviewers were areas of responsibility for SIAAB per FCIAA. He noted that providing guidance and interpretations regarding the Standards were part of SIAAB's responsibilities. He also noted that the Standards now state that each internal audit shop "will" have a peer review at least once every 5 years.

Ms. LaBonte stated it was her point as well that SIAAB should not review and release QARs.

Chair Kirk reiterated that to direct the discussion for the next meeting, he would like everyone to frame their thoughts about activities for which they believe SIAAB should and should not be responsible within the context of the three main charges listed within FCIAA. This will help frame the discussion at the next meeting.

Ms. LaBonte asked Chair Kirk if he would send a reminder to everyone as well as inform those who were not present at the meeting. Chair Kirk agreed to do so.

### **NEW BUSINESS**

- **Open Meetings Act**- Chair Kirk reminded everyone to take the Open Meetings Act training and provide proof to Barb Ringler. Chair Kirk asked everyone to do so as soon as possible.
- **Legislative issues and concerns and SIAAB Opinions**- Chair Kirk asked SIAAB members what their thoughts were about the role of SIAAB in providing input on proposed legislation that affected internal audit. Everyone agreed that as the board charged with providing guidance to the State internal auditors, that this was a part of that role and responsibility. Chair Kirk then provided a draft letter for review by SIAAB regarding SB3794. Discussion occurred regarding a couple of wording changes.

Motion: Lisa LaBonte: “Authorize Chair Kirk to issue the amended letter to Senator Holmes and to meet with Senator Holmes on behalf of SIAAB regarding the bill.”

Second: Barb Ringler

The motion carried unanimously.

- **Executive Ethics Commission Rules**

The SIAAB members held a general discussion of various issues with the proposed EEC rules as they pertain to the removal of a Chief Internal Auditor. That discussion is summarized below by points that were made.

1. The rules should discuss if the issues of which the Chief Internal Auditor is accused is not founded by the EEC, what action will happen? What recourse does the Chief Internal Auditor have?
2. If the EEC agrees with the charges and therefore it is founded then by law isn't it a binding rather than a non-binding decision? FCIAA states that only the EEC can remove a Chief Internal Auditor and it must be for cause.
3. What is the appeals process if the Chief Internal Auditor is found guilty of the charges? Appeal to the EEC or directly to the courts? The exact process for appealing should be defined in the rules.
4. What are the grounds for removal that can be used “for cause” removals? Causes should be defined within the rules so as not to be arbitrary and capricious. They must be significant issues otherwise someone could be removed at the whim of their agency head. That is why terms were put in place, to help protect the independence of the Chief Internal Auditor's position.
5. What happens if the head of the agency decides to remove the Chief Internal Auditor anyway, even though the EEC rules in the favor of the Chief Internal Auditor? (EEC finds the facts to be unfounded).
6. What happens if the head of the agency removes the Chief Internal Auditor prior to review by the EEC? What recourse does the Chief Internal Auditor have?

Lisa LaBonte stated she would check the comment period for the EEC Rules but she believed we could vote on actual comments at the next meeting that could be provided as SIAAB comments regarding the rules.

- **FCIAA and SAMS Manual**

SIAAB held a general discussion regarding whether SAMS should be changed. Mr. Allen pointed out that the SAMS 11 areas are guidance and not requirements that must be met. The main emphasis is to assist with the annual certification and the questionnaires in SAMS may be used or an agency may construct their own. It was also noted that SIAAB may wish to bring up FCIAA revisions again. It was questioned as to whether this would be an individual office or agency duty or SIAAB. It was decided that FCIAA and SAMS should be tabled for a discussion at the next meeting.

**ANNOUNCEMENTS**

The next regular meeting will be April 11, 2012 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 2-201 of the JRTC has been reserved.

**ADJOURNMENT**

A motion to adjourn the regular meeting was made by Ms. LaBonte and seconded by Mr. Hathorn. The motion carried unanimously and the meeting was adjourned at 3:05 p.m.