

STATE OF ILLINOIS
INTERNAL AUDIT ADVISORY BOARD

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

MINUTES

Board Meeting- April 11, 2012

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 2-201, Chicago, Illinois. The meeting was called to order at 1:06 p.m. by Stephen Kirk, Chair.

ROLL CALL

Members Present/Location

Stephen Kirk, (Chair), Illinois Department of Transportation– Springfield
Doug Hathhorn, (Vice Chair) Illinois Department of Revenue- Springfield
Amy Walter, Central Management Services-Springfield
Lesslie Morgan, Office of the Attorney General
Barb Ringler, Office of the Treasurer- Springfield
Tracy Allen, Office of the Comptroller – Springfield
Jane Cullen, Illinois Department on Aging – Springfield
Lisa LaBonte, Illinois Department of Natural Resources – Springfield
Julie Zemaitis, University of Illinois – By telephone

Members Absent

Marcus Dodd, Illinois Department of Employment Security
Nancy Bowyer, Office of the Secretary of State

Non-Members Present

Anita Geter-Chicago

MINUTES

The March 14, 2012, meeting minutes were presented to the Board for discussion and approval. A motion was made by Ms. Ringler and seconded by Mr. Hathhorn to accept the March 14, 2012 minutes. The motion carried unanimously.

REPORTS AND UPDATES

CPE Coordinator –

Ms. LaBonte reported that since the previous meeting, two individuals had successfully completed the 2011 version of the SIAAB External Quality Assurance Review Training Course and have been issued training certificates. Two individuals are currently registered and pending completion.

FOIA Officer –

Ms. Ringler reported there had been no FOIA requests.

Guidance Coordinator –

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

Board Appointments –

Ms. Walter, agreed to contact the Governor's Office concerning the SIAAB appointments, the terms of four members have expired (Kirk, Hathhorn, LaBonte and Cullen).

OLD BUSINESS

Quality Assurance Reviews – Current Reviews and Requests –

Chairman 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 Ms. Anita Geter as a Special Assistant Quality Assurance Review Coordinator on March 2, 2012 by Spenser Staton. Ms. Geter raised some items she believed should be amended. Specifically, she stated that everything was marked as "Generally Conforms" and she believed some areas should be "Partially Conforms" although she agreed the overall report was "Generally Conforms." Those areas noted pertained to Audit Plan Approval by the Board, Failure to appointment Chief Internal Auditor to a 5 year term and other related matters. Anita also wanted to make sure that there was documentation of the qualifications of the Chief Internal Auditor. These areas centered around the fact that the review did not address the previous Chief Internal Auditor even though the period of review was predominantly during her tenure.

Board members agreed that the report must address the previous Chief Internal Auditor in respect to those applicable questions since she was there during the period under review. Chairman Kirk agreed to contact both IHDA and Neal Crowley, the Independent Validator to resolve the outstanding questions. The Acting Chief Internal Auditor at IHDA is Kevin O'Connor and the Acting Deputy Chief Internal Auditor is Natalie Covello. Ms. LaBonte stated that Chairman Kirk should work with IHDA and those involved and discuss the progress made at the next meeting. Board members concurred.

- **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 reported at a previous meeting that he 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.

EEC (Executive Ethics Commission) Proposed Rules-

A draft comment letter concerning the proposed EEC Rules as it pertains to the removal of a Chief Internal Auditor was presented to SIAAB for review and approval. Chairman Kirk noted that because the time period to respond was expiring before this Board meeting he sent the letter as a draft with agreement from the Director of EEC that a final version would be approved at this meeting and sent to his attention. Mr. Hathhorn also noted that since we are a Board and not just the general public there is also flexibility with the comment period. He stated that the Joint Committee on Rules (JCAR) would want SIAAB's input on this matter. Mr. Hathhorn stated sending the collective comments of SIAAB would have far more impact than everyone doing so individually.

Motion by Ms. Cullen and Seconded by Ms. LaBonte: "SIAAB grants authority to Chairman Kirk to send the draft letter presented at the SIAAB meeting regarding the proposed rules of the EEC to the EEC and have discussions with the EEC or other necessary parties, in the best interest of the auditing profession as he deems appropriate."

Motion Carried 7-0 and 1 abstention, with Ms. Morgan abstaining due to her employment with the Attorney General.

SIAAB 2012 Training –

Discussed proposed dates for the training and it was decided we should talk to the IIA Chapter and lock in dates as soon as possible. Ms. Zemaitis noted that Northfield seemed to be a preferred venue based upon last year's survey, except that we needed to make sure we had a larger room as several commented about the cramped space. Chairman Kirk noted that we need to request a double room. Ms. Zemaitis also noted

that several people responded in the survey that late September did not work the best because the September 30th Annual Report is due. However, everyone agreed the best time was the fall. The following dates were proposed for the Conference:

1st Preference- October 17th and 18th (Wednesday and Thursday)

2nd Preference- September 12th and 13th (Wednesday and Thursday)

Doug Hathhorn agreed to contact Denise Behl about the dates so we could get that committed to with Northfield and the IIA.

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 stated her concern that the current Quality Assurance program gave the appearance the SIAAB is endorsing someone's Quality Assurance Review. She stated this should be a priority matter in the discussion.

Ms. Cullen stated that she would like to see a on-line Bulletin Board and better website organization.

Time became limited to provide for an adequate discussion and SIAAB needed to move on to New Business. Chair Kirk suggested that a minimum 1 hour of time be blocked out for the next meeting to ensure enough time was allowed to discuss this very important subject. SIAAB members agreed. Chair Kirk asked everyone to bring their list of duties they believe the SIAAB should conduct and how they relate to the charges in FCIAA. We will also discuss priorities of SIAAB and any suggested changes to FCIAA or SAMS.

NEW BUSINESS

It was noted that the various SIAAB Chairs and other Board positions needed to be appointed. SIAAB held a discussion and developed the following slate for approval at the next meeting:

CPE Coordinator: Ms. LaBonte

Conference Coordinator: Mr. Hathhorn

Guidance Coordinator: Ms. Morgan

FOIA Officer: Ms. Ringler

Assistant FOIA Officer: Ms. Cullen

Quality Assurance Coordinator: Chair Kirk

Assistant Quality Assurance Coordinator: Vice Chair (Later in the meeting Mr. Hathhorn was elected)

Webmaster: Eduardo Mascorro

CMS Request for clarification regarding Continuing Education-

Does someone who is not currently conducting audits have to meet the continuing education requirements? Specifically, an example of a person acting solely as Audit Coordinator was stated. Ms. Morgan stated it depended on whether they were actually conducting internal audit work. If they were not, it would not apply. SIAAB members agreed with this position. Ms. Morgan noted that whatever their position they would obviously have to comply with their certification requirements of the applicable body if they held a certification. That however would be between the person and the applicable body not SIAAB.

Election of New Vice Chair

Chair Kirk then called for nominations for the replacement of the Vice Chair since Spenser Statton was no longer on SIAAB. Ms. Morgan nominated Mr. Hathhorn and his nomination was seconded by Ms. Ringler. No other nominations were presented so Ms. Morgan moved to close nominations and Mr. Allen seconded. The motion carried Unanimously with Mr. Hathhorn Abstaining. A vote was then taken on Mr. Hathhorn's nomination as Vice Chair. Mr. Hathhorn was Unanimously elected Vice Chair with Mr. Hathhorn Abstaining.

ANNOUNCEMENTS

The next regular meeting will be June 13, 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 Vice Chair Hathhorn and seconded by Mr. Morgan. The motion carried unanimously and the meeting was adjourned at 3:05 p.m.