

STATE OF ILLINOIS
INTERNAL AUDIT ADVISORY BOARD

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

MINUTES

Board Meeting-April8, 2014

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 9-036, Chicago, Illinois. The meeting was called to order at 1:05 p.m. by Marcus Dodd in Chicago.

ROLL CALL

Members Present/Location:

Marcus Dodd (Chair), Illinois Department of Employment Security – Chicago

Gary Shadid (Vice Chair), Illinois Department of Commerce and Economic Opportunity- Springfield

Debbie Abbott, Central Management Services-Springfield

Stell Mallios, Office of Secretary of State- Chicago

Barb Ringler, Office of the Treasurer - Springfield

Tracy Allen, Office of the Comptroller – Springfield

Stephen Kirk, Department of Transportation– Springfield

Julie Zemaitis, University of Illinois– Springfield

Members Absent:

Lesslie Morgan, Office of the Attorney General- Springfield

Jane Hewitt, Department of Human Services - Springfield

MINUTES

The minutes from the February 19, 2014, Special Meeting were presented to the Board for discussion and approval. A motion was made by Ms. Zemaitis and seconded by Mr. Allen to accept the February 19, 2014. The motion carried unanimously.

The minutes from the March 11, 2014, Regular Meeting were presented to the Board for discussion and approval. Mr. Dodd presented several comments and corrections that were provided by Ms. Zemaitis in advance of the meeting. Mr. Kirk suggested clarifying the motion and actions related to the issuance of the SIIAB guidance. A motion was made by Mr. Kirk and seconded by Mr. Shadid to accept the March 11, 2014, minutes as revised. The motion carried unanimously.

REPORTS AND UPDATES

CPE Coordinator

Ms. Zemaitis reported that for the period of March 11, 2014 through April 8, 2014, one individual had completed the 2013 QAR Course and certificates were provided. One individual's registration was about to expire, requiring the individual to re-register for the course in the future.

Quality Assurance Coordinator

Mr. Dodd discussed the need to modify the signature section of the SIAAB Board Member Confidentiality and Independence Statements. The signature field currently indicates "Quality Assurance Participant" but should indicate "Quality Assurance Participant / SIIAB Board Member." The Board concurred. Mr. Dodd volunteered to modify the SIAAB Board Member Confidentiality and Independence Statements as discussed and have them posted to the website.

There was discussion amongst the Board about the need to track the independence disclosures made by SIAAB Board members to avoid potential conflicts of interest. Mr. Shadid suggested that the Board track independence disclosures using the Board's QAR Tracking Grid ("The Grid"). Mr. Dodd volunteered to modify The Grid as discussed and distribute it to the entire Board.

Mr. Dodd presented the SIAAB Board Member Confidentiality and Independence statement for the following Board Members:

- Mr. Dodd
- Mr. Shadid
- Ms. Abbott
- Ms. Mallios
- Ms. Morgan
- Ms. Ringler
- Mr. Allen
- Ms. Zemaitis
- Mr. Kirk

Mr. Shadid indicated that he mistakenly did not check the CPE compliance box on his Independence statement. Mr. Dodd corrected Mr. Shadid's Independence statement accordingly.

Mr. Kirk indicated that he mistakenly did not check the box relating to his role as Board member, and did not did not circle Board member on his Independence statement. Mr. Dodd corrected Mr. Kirk's Independence statement accordingly.

Each Board member abstained for voting on his or her own Confidentiality and Independence form. Subject to this, Mr. Shadid made a motion to approve the SIAAB Board Member Confidentiality and Independence statements as revised. Ms. Zemaitis seconded the motion. The motion carried unanimously, subject to the abstentions.

Mr. Dodd discussed that he followed up on last month's meeting by assessing the interest in auditors to serve as QAR Special Coordinators. Four total people expressed interest, two of whom were Chief Internal Auditors. Mr. Kirk expressed the fact that the responsibilities, knowledge, and experience needed to serve as a QAR Special Coordinator are different than a independent validator. Independent validators need to be Chief Internal Auditors or have an equivalent amount of experience, while QAR Special Assistants do not. After further discussion by the Board, Mr. Dodd volunteered to review the QAR Special Coordinator and Independent Validator requirements from within the SIAAB By-Laws. Mr. Dodd will discuss changes with Mr. Shadid, and then present the changes to the entire Board for discussion.

Mr. Dodd suggested discussing the SIAAB QAR Process during the Fall Conference because of the large number of audit shops who will be subject to review in the next fiscal year.

FOIA Officer

Ms. Ringler reported that there had been no FOIA requests since the last meeting.

Guidance Coordinator

Mr. Kirk indicated that SIAAB Guidance 14-03 – Internal Audit Committee in State of Illinois Government were posted to the website. He indicated that he expects to work on the next guidance document in August, 2014.

OLD BUSINESS

Financial Reporting Standards Board Draft Internal Audit Guidelines

Mr. Allen indicated that the Financial Reporting Standards Board ("FRSB") adopted the Internal Audit Guidelines. The FRSB will be developing GAAP Coordinator guidelines, including minimum GAAP qualifications and training requirements.

The FRSB discussed maintaining confidentiality and FOIA protection of the audit reports. The FRSB submitted a letter to the Public Access Counselor at the Attorney General's Office asking for an advisory opinion regarding these audit reports as to whether they are exempt from FOIA disclosure.

Mr. Allen indicated that 1 or 2 members of the FRSB would be attending the SIAAB Fall Conference, and that they suggested that we solicit questions in advance to the extent possible. Mr. Kirk suggested the Board begin to solicit the questions around September 1st.

Fall Conference Discussion

Mr. Allen indicated he has prepared a preliminary agenda for the conference as well as a line-up of the speakers. Mr. Allen discussed the details of this preliminary agenda, and the Board provided feedback and input. As part of this discussion, Ms. Zemaitis volunteered to serve as the presenter for the discussion of the SIAAB QAR Process. Mr. Allen agreed to incorporate the feedback and consolidate the preliminary agenda for presentation to the Board at the next May SIAAB Board Meeting.

SIAAB Resource Page

Mr. Zemaitis indicated that she will begin to work on the SIAAB Resource Page update.

Records Retention Project

The Board discussed that it was previously determined that the Records Retention project is not urgent and will be tabled for later discussion.

New Business

CMS Shared Drive Access

Ms. Abbott indicated that it would be possible to obtain CMS Shared Drive Access, but the Board needed to identify who would be responsible for managing the content. Mr. Kirk indicated that Ms. Abbott would best serve as the administrator of the Shared Drive which would entail granting access to other SIAAB Board Members, but that each Board member would be responsible for updating documents, as needed. In addition, the Board discussed that we could use the CMS Shared Drive for documents going forward, and could add old documents to the Shared Drive as needed.

Ms. Abbott agreed with this approach and agreed to continue to follow-up with CMS to establish our Shared Drive.

SIAAB Board Vacancy

Mr. Dodd indicated that there has been a vacancy on the SIAAB Board for almost a year and that the Chief Internal Auditor from Worker's Compensation Commission had applied the position. The Board discussed that individuals can apply, but the Governor's Office does not appear to be making new appointments right now.

SIAAB Board Member Expired Terms

Mr. Dodd indicated that two Board members had expired terms:

- Mr. Dodd – Expired 2/1/2013
- Ms. Hewitt – Expired 2/1/2014

Ms. Abbott indicated that she believed that Ms. Hewitt's term has been extended. Mr. Dodd indicated that he would follow-up with Ms. Hewitt to confirm the expiration date of her term.

Mr. Kirk indicated that all Board members hold they Board position until they are replaced, either by themselves (with a new term) or by somebody else. As a result, the expired terms were not seen to be a concern at this time.

ANNOUNCEMENTS

The next regular meeting is scheduled for May 13, 2014, at 1:00 p.m. The meeting will be at the Capital City Center's Video Conference Room #104, 130 West Mason, Springfield, Illinois. For those attending via video conference in Chicago, Room 9-036 of the JRTC will be reserved.

ADJOURNMENT

A motion to adjourn was made by Mr. Kirk, seconded by Ms. Abbott. Motion carried unanimously. Meeting adjourned at 2:55 p.m.