

SIAAB
MEETING
MINUTES
FOR
1991

Internal Audit Advisory Board Meeting

Tuesday, January 8th - 9:30 A.M.
Stratton Building, Room 704

A G E N D A

- . Call to Order
- . Roll Call
- . Minutes
 - Approval of Prior Minutes - 12/11/90
- . Old Business
 - Reports on status of Peer Review studies
- . New Business
 - Codification of IIA audit standards (Tentative)
 - cont' until replacement
- . Announcements
 - February meeting changed from February 12th to February 13th (due to holiday). The calendar for 1991 will be discussed at the January meeting.
- . Adjournment

*Formulate program plan for Feb.
time - repetition*

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The regular meeting of the Internal Audit Advisory Board (IAAB) was convened on January 8, 1991 at 9:30a in Room 503, Stratton Building by Chairperson, William B. Winberg.

Members present were:

William B. Winberg, Chairperson
Ronald E. Omer, Office of the Comptroller
Edward W. Buckles, Office of the Treasurer
James S. Reid, Office of the Attorney General
Donald P. Thannen, Department of Transportation
Benedict R. Zemaitis, Department of Revenue, Vice Chairperson
Bradley W. Hammond, Department of Conservation
Sharon Stanford, Illinois State University
Terry Radliff, State Employees Retirement System
Richard O. Traver, University of Illinois

Members not present:

Member representing the Office of Secretary of State

There was a quorum present.

Donald Bacon of Central Management Services was present as an observer.

As the first order of business, the Chair called for a discussion of minutes from the previous meeting. Member Zemaitis requested a name correction of his first name from "Benjamin" as noted in the minutes to "Benedict" and Member Buckles requested a name correction to change his middle initial from "R" to "W". Member Stanford made a motion that the minutes be accepted as corrected. The motion was seconded by Member Hammond. There was unanimous approval to accept the minutes as corrected.

A lengthy discussion followed about peer review processes. Member Stanford provided materials describing the training sessions provided by the Institute of Internal Auditors (IAA). It was pointed out that such training qualified for credits in continuing professional education.

Member Zemaitis inquired as to how many audit entities would be subject to peer review. The Chair stated that there would be between 50 and 55 audit groups within state government.

Member Zemaitis then related the discussion on peer review that he and Member Omer had with a professional colleague from a certified public accounting firm.

The discussion centered around various approaches to accomplish the peer review process. A first option was the establishment of an internally

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based review team which would provide peer review reciprocally. A second option called for peer reviews to be performed by outside entities. The most popular option seemed to be a hybrid approach which provides for an internally based team to conduct the review with the results being verified and approved by an outside entity.

Member Traver was asked to present the peer review information that he had gathered through contact with the Internal Audit operation of the State of Florida. The only connection with peer review was a provision in the Florida Internal Auditing Act that required the Auditor General to review the operating controls of each agency every three years. Any instances of noncompliance would be placed in the Auditor General's Annual Report.

Chair then announced that because of a holiday, the February meeting would be held on the 13th instead of the 12th. There was also an explanation for the reason in changing the meeting site to Room 503 in the Stratton Building.

There was then a discussion about the continuity of the terms of some of the present board members. The terms of Members Stanford and Hammond are scheduled to end in February and at this point in time, there was no indication that the Governor's Office would be announcing replacements. Member Buckles made a motion that the terms of these members be extended through the end of February. Member Zemaitis then requested that the motion be modified to include a proviso that such terms be extended provided that there were no new appointments to replace the present members. The motion was then seconded by Member Thannen. The motion was unanimously carried..

In other matters, Member Zemaitis reported that the IIA would furnish complimentary copies of the "Red Book" to IAAB Members but that there are no copies currently available. Copies for IAAB member should be available about mid-January.

The Chair then asked for a motion to adjourn. Motion was made by Member Reid and seconded by Member Omer. Motion was unanimously carried and the meeting was adjourned.

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As Amended March 13, 1991

The regular meeting of the Internal Audit Advisory Board was held on February 13, 1991 in Room 600 in the Stratton Building, Springfield, IL, 62706.

Chairperson William Winberg called the meeting to order at 9:33a. The following members were present:

William B. Winberg, Central Management Services, Chairperson
Ronald E. Omer, Office of the Comptroller
Edward W. Buckles, Office of the Treasurer
James S. Reid, Office of the Attorney General
Donald P. Thannen, Department of Transportation
Benedict R. Zemaitis, Department of Revenue, Vice Chairperson
Bradley W. Hammond, Department of Conservation
Sharon Stanford, Illinois State University
Richard O. Traver, University of Illinois

The following members were absent:

John Cain, Acting Internal Auditor, Office of Secretary of State
Terry Radliff, State Employees Retirement System.

Donald Bacon from Central Management Services was present as an observer.

The minutes from the last regular meeting were discussed and Member Stanford pointed out that the paragraph regarding peer review materials stated that such materials had been provided by the "Institute of Internal Auditors (IAAB), when in fact the provider reference should read "Institute of Internal Auditors (IIA)." Member Stanford then made a motion that the minutes be adopted as read. The motion was seconded by Member Thannen. The motion was unanimously carried.

The Chair then called for a discussion of peer review. Chair announced that he would be attending a meeting of the Illinois CPA Association where peer review would be discussed. Members were furnished copies of the materials to be discussed. It was pointed out that a key question about peer review is Who Reviews the Reviewer?.

In a somewhat related issue, the Chair announced that CMS Legal Staff would be submitting IAAB rules to the Joint Committee on Administrative Rules (JCAR) no later than March 1, 1991.

Member Stanford reported on the costs of a peer review training course available from the Institute of Internal Auditors (IIA). The basic charge would be \$5,000 with an estimated additional amount of \$1,200 for expenses. These costs would cover the training for twenty persons.

There was a brief discussion of who would furnish the funding for this course but no conclusion was reached.

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Further discussion involved the qualifications needed to conduct a peer review. Member Thannen cited the requirements for the group that performed such reviews at his agency.

Chair then requested that Member Stanford prepare a summary of the IIA's position on the period of time and training requirements for peer review. Members Zemaitis and Hammond were asked to make similar reports.

The issue of election of Board officers was discussed. The Chair stated that a new Chairperson and a Vice Chairperson would be elected at the March meeting.

In the line of new business, Member Zemaitis presented copies of the "red book" acquired from the IAA. The Chair asked if this should be filed with the rules to be sent to JCAR. Member Zemaitis felt that it should.

Member Hammond then brought up a question concerning the present effective date on which the professional education requirements of the IAAB rules would commence. The current effective date is stated as January 1, 1991 but it was pointed out that this date would change and the final date would depend on the date that the rules are passed by JCAR.

Another matter brought up by Member Hammond was the need for a comprehensive list of state agencies required to have internal auditing units. The chair replied that such a list had been prepared seven years ago by the Governor and furnished to CMS by the Auditor General.

The Chair then asked for a motion to adjourn. Motion was made by Member Omer and seconded by Member Reid. Motion was carried unanimously and the meeting was adjourned at 10:14a.

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MARCH 12, 1991
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The regular meeting of the Internal Audit Advisory Board was held on March 12, 1991 in Room 600 in the Stratton Building, Springfield, IL, 62706.

Chairperson William Winberg called the meeting to order at 9:33a. The following members were present:

William B. Winberg, Central Management Services, Chairperson
Ronald E. Omer, Office of the Comptroller
Edward W. Buckles, Office of the Treasurer
James S. Reid, Office of the Attorney General
Donald P. Thannen, Department of Transportation
Benedict R. Zemaitis, Department of Revenue, Vice-Chairperson
Bradley W. Hammond, Department of Conservation
Richard O. Traver, University of Illinois
Terry Radliff, State Employees Retirement System

The following members were absent:

John Cain, Acting Internal Auditor, Office of Secretary of State
Sharon Stanford, Northern Illinois University

There was a quorum present.

Don Bacon from Central Management Services was present as an observer.

In the first order of business, the Chair asked for comments on the minutes from the last regular meeting. Member Buckles noted that there were certain references made to "IAA." which should have been "IIA." With these changes, Ron Omer made a motion that the minutes be accepted and the motion was then seconded by Ed Buckles. The motion was unanimously carried.

The next item on the agenda was a lengthy discussion of the peer review process. The topics within this subject ranged from frequency, actual process, whom to address, qualification of the reviewer, desk reviews, standards and training.

The review team approach was discussed with the resulting question as to whether the IAAB should be the review team or if the process should be done by another entity. Member Traver commented that he had checked the procedures used by the State of Texas and it seemed the greatest problem was allocation of time and cost to the review process.

Member Omer felt that there might be some difficulty in achieving objectivity if the Board performed peer review of state auditing entities.

Regarding the standards to be established for peer review, the question was posed whether IAAB should write its own rules based on standards established by other auditing entities.

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The chair then gave a report of the status of filing the IAAB rules with the Joint Committee on Administrative Rules (JCAR). Chair reported that the Central Management Services Legal Department felt that there was a possibility that such a filing might not be necessary. An update would be given later.

The Chair then opened the agenda for nomination of candidates for the next term of Chairperson. Although The present Chairperson, asked that his name be removed from consideration for nomination, Member Zemaitis, entered the name of William B. Winberg into nomination for a second consecutive term. Member Thannen then made a motion that the nominations for Chairperson be closed. The motion was seconded by Member Hammond. The motion was unanimously carried.

The Chair then opened the agenda for nomination of candidates for the next term of Vice-Chairperson. Member Thannen then placed the name of Benedict R. Zemaitis into nomination for a second consecutive term as Vice-Chairperson. Member Omer made a motion that the nominations for Vice-Chairperson be closed. The motion was seconded by Member Reid. The motion was unanimously carried.

In the line of old business, Member Buckles asked about the list of agencies required to have internal auditing operations. Member Hammond then presented copies of the lists showing such agencies. There was then a brief discussion on what the Board's role should be in selecting agencies that should be required to have internal auditing functions.

The Chair then entertained a motion for adjournment. Member Zemaitis made a motion to adjourn and the motion was seconded by Member Thannen. The motion was carried unanimously and the meeting was adjourned at 11:10a.

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APRIL 09, 1991

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(Note: These minutes reflect the changes on page 2 as requested by Member Hammond in a memo to the Chairperson dated May 10, 1991.)

The regular meeting of the Internal Audit Advisory Board (IAAB) was held on April 9, 1991 in Room 600 in the Stratton Building, Springfield, IL, 62706.

Chairperson William Winberg called the meeting to order at 9:35a. The following members were present:

William B. Winberg, Central Management Services, Chairperson
Ronald E. Omer, Office of the Comptroller
Edward W. Buckles, Office of the Treasurer
Donald P. Thannen, Department of Transportation
Benedict R. Zemaitis, Department of Revenue, Vice-Chairperson
Bradley W. Hammond, Department of Conservation
Richard O. Traver, University of Illinois
John Cain, Acting Internal Auditor, Office of Secretary of State
Sharon Stanford, Northern Illinois University
Terry Radliff, State Employees Retirement System

The following members were absent:

James S. Reid, Office of the Attorney General

There was a quorum present.

Don Bacon from Central Management Services was present as an observer.

In the first order of business, the Chair asked for comments on the minutes from the last regular meeting. There were no changes requested and a motion was made by Member Zemaitis to accept the minutes. The motion was seconded by Member Buckles. The motion was unanimously carried.

The Chair then called for a discussion of peer review standards. Member Stanford did not favor establishing totally new standards but instead suggested using Institute of Internal Auditors (IIA) standards as a starting point. The other members agreed with this concept.

The members then discussed the approach to be used in conducting actual peer reviews. There was concurrence that the initial review should not be too involved so that the first review of all affected agencies could be made within a two year period.

Another aspect of peer review included the number of agencies operating under the Governor who are required to have internal auditors. The Chair passed out the most recent list that the Governor had prepared. It was noted that the Department on Aging did not appear on the list. Chair also announced that Diane Ford who was a legal counsel to the Governor would be the contact person in these matters.

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PAGE 2

(Note: These minutes reflect the changes on page 2 as requested by Member Hammond in a memo to the Chairperson dated May 10, 1991.)

The next aspect of peer review was a discussion of training. Chair then suggested that each member prepare a format for areas to be included in a peer review program.

Member Traver inquired about the status of filing IAAB Standards with Joint Committee on Administrative Rules (JCAR). Chair announced that the Central Management Services (CMS) Legal Department did not feel that the Standards needed to be filed with JCAR and that they would provide the applicable statutory citations to explain their position.

The issue of the step-off date on which the Continuing Professional Education (CPE) requirement would begin was then taken up. After a lengthy discussion regarding effective beginning dates, minimum requirements, and time frames the Chair asked for a motion. Member Zemaitis made a motion that organizations voluntarily accept January 1, 1991 as the start-up date for beginning CPE.

Also included was the condition that all internal auditors would be required to have 67 hours of CPE by December 31, 1993. Overall, each internal auditor would be required to have 100 hours of continuing professional education by December 31, 1994 and would be required to have 100 hours of CPE every three years thereafter.

The motion was seconded by Member Hammond. The motion was unanimously carried.

Member Stanford raised the issue regarding the requirement that internal auditors be required to complete at least 10 hours of CPE each year.

It was unanimously agreed that this provision should be included. Member Zemaitis amended the original motion to include the 10 hour requirement and the amended motion was seconded by Member Hammond. The motion as amended was unanimously carried.

There was a discussion of inviting members of the Internal Audit Managers (I/A) attend IAAB Board Meetings. Member Hammond made a motion that the Board should meet with the State Audit Managers to inform them of the Board's actions regarding standards, Code of Ethics, continuing education and peer review, and to solicit input regarding these issues. Such input would be used to direct future Board action.

During the lengthy discussion regarding this meeting, Member Zemaitis and other Board Members argued that the purpose of the meeting should not be directed toward requesting input. Thus, the motion by Member Hammond that the Board solicit input from the State Audit Managers failed to be seconded.

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APRIL 09, 1991

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(Note: These minutes reflect the changes on page 2 as requested by Member Hammond in a memo to the Chairperson dated May 10, 1991.)

Chair then made a resolution that IAAB meet with I/A to ask for opinions on CPE and peer review processes.

Chair then entertained a motion to adjourn. The motion to adjourn was made by Member Omer and seconded by Member Thannen. The motion was unanimously carried. The meeting was adjourned at 10:55a.

No

MAY

1991

meeting

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JUNE 11, 1991 (Revised 7-9-91)
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The regular meeting of the Internal Audit Advisory Board (IAAB) was held on June 11, 1991 in Room 600 in the Stratton Building, Springfield, IL, 62706.

Chairperson William Winberg called the meeting to order at 9:35a. The following members were present:

William B. Winberg, Central Management Services, Chairperson
Ronald E. Omer, Office of the Comptroller
Edward W. Buckles, Office of the Treasurer
Donald P. Thannen, Department of Transportation
Benedict R. Zemaitis, Department of Revenue, Vice-Chairperson
Bradley W. Hammond, Department of Conservation
Richard O. Traver, University of Illinois
Sharon Stanford, Illinois State University
James S. Reid, Office of the Attorney General

The following members were absent:

John Cain, Acting Internal Auditor, Office of Secretary of State
Terry Radliff, State Employees Retirement System

There was a quorum present.

Don Bacon from Central Management Services was present as an observer.

In the first order of business, the Chair asked for comments on the minutes from the last regular meeting noting that the current version of the minutes reflected the changes requested in a May 10th memo from Member Hammond to the Chairperson. Member Zemaitis felt that minutes as revised did not reflect the true concerns of the Board regarding the issue of input from the Audit Managers. He felt that the issue was more one of timeliness. The general feeling that the input should be sought prior to the adoption of any major issues.

Member Hammond then made suggestions for additional wording after which the members discussed what the contents of the minutes should be. The Chair then stated that the approval of the minutes would be deferred until he could prepare a revised draft and submit it for discussion.

The Chair then presented the audit standards received from a Texas colleague and Member Zemaitis felt that such standards should be sent to the Institute of Internal Auditors (IIA) Standards Board.

Peer Review was the next topic of discussion. The Chair presented a memo on the subject that was prepared by Sharon Stapleton of the Capital Development Board and sent to Member Hammond. The agenda also included material from Members Thannen and Traver.

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The discussion then shifted to the subject of establishing communications with the Audit Managers group (AM). From previous associations, IAAB members felt generally that AM members wished to be kept informed of the issues that IAAB was considering.

Chair then asked for ideas. Member Zemaitis suggested that as a board, it should send invitations to AM encouraging attendance at IAAB meetings.

Member Hammond further suggested that AM be apprised of the time and date of IAAB meetings. Chair suggested that this information could be listed at the bottom of the minutes that are sent to AM.

There was a general feeling that IAAB should meet periodically with AM.

Returning to the discussion of peer review, the Board discussed different guidelines to be used in developing and operating peer review programs. Chair posed the question whether or not different programs should be developed for different sized agencies.

Chair then asked for suggestions on methods of developing a peer review program. Member Traver proposed the establishment of a three person committee that would prepare a draft for discussion by the entire Board. Chair agreed with the idea and said that he would contact three persons and ask that they prepare a draft for discussion at the next meeting.

In an administrative matter, Chair stated that since IAAB is not required to file its rules with the Joint Committee on Administrative Rules (JCAR), he would draft a statement announcing IAAB's actions. The statement would also state the actions that would be required of individual agencies regarding audit standards, education and ethics.

Member Traver relayed a request from Al Eggelson of Northern Illinois University regarding rotation of audit managers. He (Eggelson) asked that IAAB ask the Auditor General to require the rotation of audit managers in state government in much the same fashion that auditing firms are rotated.

After discussion, there was concurrence that this matter should more properly be handled by individual agencies.

Chair called for a motion to adjourn. Motion was seconded and the meeting was adjourned at 10:40a.

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JULY 9, 1991

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The regular meeting of the Internal Audit Advisory Board (IAAB) was held on July 9, 1991 in Room 600 in the Stratton Building, Springfield, IL, 62706.

Chairperson William Winberg called the meeting to order at 9:34a. The following members were present:

William B. Winberg, Central Management Services, Chairperson
Ronald E. Omer, Office of the Comptroller
Donald P. Thannen, Department of Transportation
Benedict R. Zemaitis, Department of Revenue, Vice-Chairperson
Bradley W. Hammond, Department of Conservation
Richard O. Traver, University of Illinois
James S. Reid, Office of the Attorney General
John Cain, Acting Internal Auditor, Office of Secretary of State
Terry Radliff, State Employees Retirement System

The following members were absent:

Edward W. Buckles, Office of the Treasurer
Sharon Stanford, Illinois State University
There was a quorum present.

Don Bacon from Central Management Services was present as an observer.

The Chair asked for a discussion of the revised minutes from the April meeting and the current version of the June meeting. Member Zemaitis made a motion to adopt the April minutes and the motion was seconded by Member Omer. The motion was unanimously carried.

Member Hammond felt that the fact that the Board had agreed to meet periodically with the audit managers group should be included in the June minutes. With this change, a motion was made by Member Omer to accept the minutes and the motion was seconded by Member Hammond. The motion was unanimously carried.

The next item to be discussed was the progress of the development of a peer review program. Member Traver, who had been asked by the Chair to prepare a draft, reported that he wanted to include the Chair's material part of which was submitted by Member Thannen. The draft will be available for discussion at the August meeting.

The members present then held a lengthy discussion of the draft of a letter prepared by the Chair to all Chief Executive Officers detailing the requirements for complying with the IAAB Audit Standards as well as the standards set for Ethics and for Continuing Education.

Board members then discussed the need to prepare a list of the agencies required to have Internal Audit operations based on previously

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established criteria.

After this discussion, Chair called for a motion to adjourn. The motion was made by Member Thannen and Seconded by Member Radliff. The motion was unanimously carried and the meeting was adjourned at 10:06a.

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August 13, 1991

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The regular meeting of the Internal Audit Advisory Board (IAAB) was held on August 13, 1991 in Room 600 in the Stratton Building, Springfield, IL, 62706.

Chairperson William Winberg called the meeting to order at 9:50a. The following members were present:

William B. Winberg, Central Management Services, Chairperson
Ronald E. Omer, Office of the Comptroller
Benedict R. Zemaitis, Department of Revenue, Vice-Chairperson
Bradley W. Hammond, Department of Conservation
Richard O. Traver, University of Illinois
John Cain, Acting Internal Auditor, Office of Secretary of State

The following members were absent:

Edward W. Buckles, Office of the Treasurer
Sharon Stanford, Illinois State University
James S. Reid, Office of the Attorney General
Donald P. Thannen, Department of Transportation
Terry Radliff, State Employees Retirement System

There was a quorum present.

Don Bacon from Central Management Services was present as an observer.

The Chair asked for a discussion of the minutes from the July meeting. There were no changes so the Chair entertained a motion to approve the minutes. A motion to accept was made by Member Omer and seconded by Member Zemaitis. The motion was unanimously carried.

Members then had a considerable discussion of the draft for a peer review program that was prepared by Member Traver with input from other Board Members. Chair polled members present on their opinions. All members praised Member Traver for his work on compiling the draft of the peer review document.

In explaining the basis for the document, Member Traver pointed out that it was based generally on the peer review program of the Institute of Internal Auditors with additional input from the auditing sector of the State Government of California.

Member Zemaitis noted that in order to successfully implement this program, it would be necessary to have the cooperation of all audit groups in state government. Also the Board should consider the type of administrative apparatus needed to operate the program. Should the program be operated solely by IAAB or should a larger group be developed to administer the program?

The members did conclude that the wording of the peer review document should be so phrased as to distinguish between a peer review and an audit and that any expense for travel or related items be paid by the reviewer.

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August 13, 1991

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The Chair felt that it would be more appropriate to wait until the next meeting before voting on the document since four members were not in attendance. Member Zemaitis further suggested that members give their comments to Member Traver before the next meeting so that he could incorporate them into the current draft.

Chair then asked for a motion to adjourn. A motion was made by Member Cain and seconded by Member Zemaitis. The motion was unanimously carried. The meeting was adjourned at 10:35a.

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SEPTEMBER 10, 1991
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The regular monthly meeting of the Internal Audit Advisory Board (IAAB) was held on the above date in Room 600 in the Stratton Building, Springfield, IL, 62706.

Chairperson William Winberg called the meeting to order at 9:35a. The following members were present:

William B. Winberg, Central Management Services, Chairperson
Ronald E. Omer, Office of the Comptroller
Benedict R. Zemaitis, Department of Revenue, Vice-Chairperson
Richard O. Traver, University of Illinois
John Cain, Acting Internal Auditor, Office of Secretary of State
Edward W. Buckles, Office of the Treasurer
James S. Reid, Office of the Attorney General

The following members were absent:

Sharon Stanford, Illinois State University
Donald P. Thannen, Department of Transportation
Terry Radliff, State Employees Retirement System
Bradley W. Hammond, Department of Conservation

There was a quorum present.

Don Bacon from Central Management Services and Jan Hamilton former IAAB member were present as observers.

The Chair asked for a vote on the minutes from the August meeting. Member Cain made a motion that the minutes be accepted and his motion was seconded by Member Reid. The motion was unanimously carried.

Each person present received a copy of the version of a peer review program proposed by Member Zemaitis. A lengthy discussion of this document along with peer review in general followed.

The gist of the discussion was the relationship that should exist between a peer review team and the chief executive officer (ceo) of the auditee unit. After thoroughly discussing the issue, there seemed to be a consensus that out of courtesy, a ceo should be acknowledged and asked for clearance to perform a peer review. Also, the point was brought out that interviews with auditees should not be made a part of the field work. Wording to the effect that auditees would not be interviewed should be made a part of the framework of a peer review document.

A motion was made by Member Zemaitis and seconded by Member Reid to accept the above peer reviewer-ceo-auditee relationship. The motion was carried with one dissenting vote. Member Omer voted nay on the proposal.

Chair then presented a letter from Dan Bedell, Chief Internal Auditor for the Department of Commerce and Community Affairs which posed the question of responsibility for continuing professional education and the IAAB's enforcement powers in this area.

After a brief discussion, Chair agreed to draft a letter in reply that would be discussed at the next meeting.

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Member Zemaitis related a situation wherein a chief internal auditor of an agency called him and discussed the matter of the independence of a chief internal auditor in relationship to the head of an agency. Chair stated that this issue would be discussed at the next meeting.

Chair then asked for a motion to adjourn. A motion was made by Member Omer and Seconded by Member Cain that the meeting be adjourned. The motion was unanimously carried and the meeting was adjourned at 10:48a.

IA091091
9/11/91

MINUTES FOR INTERNAL AUDIT ADVISORY BOARD MEETING
OCTOBER 08, 1991
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The regular monthly meeting of the Internal Audit Advisory Board (IAAB) was held on the above date in Room 600 in the Stratton Building, Springfield, IL, 62706.

Chairperson William Winberg called the meeting to order at 9:35a. The following members were present:

Bradley W. Hammond, Department of Conservation
Ronald E. Omer, Office of the Comptroller
Terry Radliff, State Employees Retirement System
Sharon Stanford, Illinois State University
Donald P. Thannen, Department of Transportation
Richard O. Traver, University of Illinois
William B. Winberg, Central Management Services, Chairperson
Benedict R. Zemaitis, Department of Revenue, Vice-Chairperson

The following members were absent:

Edward W. Buckles, Office of State Treasurer
Robert Kell, Office of Secretary of State
James S. Reid, Office of Attorney General

There was a quorum present.

In preliminary announcements, Chair announced the appointment of Bob Kell as Chief Internal Auditor for the Office of Secretary of State and member of the Internal Audit Advisory Board. Chair also acknowledged the attendance at the meeting of Don Bacon and Jan Hamilton as observers.

The Chair asked for a vote on the minutes from the September meeting. Member Omer asked that the minutes be changed to clarify his nay vote on the peer review relationship discussed at the prior meeting. The minutes were amended to show that Member Omer's nay vote was based on his disagreement on the point which dealt with not including auditee interviews in the audit field work. With this correction, Member Omer made a motion that the minutes be accepted. His motion was seconded by Member Zemaitis. The motion was unanimously carried.

An optional peer review program previously proposed by Member Zemaitis was brought up for discussion. This member emphasized that it was important that a peer review program have certain features.

The first consideration should be to insure that it is in compliance with the statutes. Also, the initial effort should be simplified to insure that the peer review process can be applied to as large of an area as possible within a minimum time. A peer review program should also comply with IAAB standards as well as standards of the Institute of Internal Auditors (IIA).

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Chair then asked members for their thoughts on obtaining opinions from audit managers about what the structure and content of a peer review program should be. There was general concurrence that audit managers should be consulted.

Member Stanford suggested that audit managers be asked to attend meetings so that they could hear the proposals of Members Traver and Zemaitis.

Chair then suggested that after the audit managers heard the presentation that they be allowed two months in which to develop comments. Members felt that this was more time than was necessary. Member Zemaitis suggested a thirty day period

There was agreement that the minutes from the last regular meeting be given to the audit managers with copies of the peer review program.

The next item to be discussed was the reply to Dan Bedell, Chief Internal Auditor for the Department of Commerce and Community Affairs, who had sent a letter inquiring about training program policies.

Chair read the text of a reply which stressed that IAAB would not absorb any of the costs of any training programs undertaken by the agencies. The reply also noted that IAAB has no power to require internal auditors in the agencies to comply with the Board's training standards.

A general discussion on training standards followed. Member Hammond advised that various training programs presently exist through state government. There was general agreement that any group sponsoring a training program should coordinate such effort through IAAB.

The next topic involved the independence of the Chief Internal Auditor. There was a discussion on making the Chief Internal Auditor's position, a covered title instead of a four year appointment. Member Zemaitis proposed that a Board consensus be developed and communicated to Central Management Services, Bureau of Personnel.

Chair then asked for a motion to adjourn. Motion was made by Member Thannen and seconded by Member Hammond. The motion was unanimously carried and the meeting was adjourned at 10:37a.

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The regular monthly meeting of the Internal Audit Advisory Board (IAAB) was held on the above date in Room 602 in the Stratton Building, Springfield, IL, 62706.

Chairperson William Winberg called the meeting to order at 9:35a. The following members were present:

John Cain, Office of Secretary of State
Ronald E. Omer, Office of the Comptroller
Sharon Stanford, Illinois State University
Donald P. Thannen, Department of Transportation
Richard O. Traver, University of Illinois
William B. Winberg, Central Management Services, Chairperson
Benedict R. Zemaitis, Department of Revenue, Vice-Chairperson

The following members were absent:

Edward W. Buckles, Office of State Treasurer
Bradley W. Hammond, Department of Conservation
Terry Radliff, State Employees Retirement System
James S. Reid, Office of Attorney General

There was a quorum present.

The following persons were present as observers:

Don Bacon, Central Management Services
Judy McAnarney, present for Member Reid
Ed Taylor, present for Member Hammond

The first item for discussion was the minutes from the previous meeting. Member Stanford made a motion that the minutes be accepted. Member Omer seconded the motion and it was unanimously carried.

Following the approval of the minutes, the Chair opened a discussion of peer review. Topics discussed included the pool concept and whether or not the reviewee should be given the option of selecting all or some of the reviewers from the reviewer pool.

Other topics involved the matter of costs in cases where reviewers would be required to travel substantial distances to the reviewee workplace. As in past discussions, it was concluded that all costs would be paid by the review team.

Members also discussed the issue of whether or not the peer review team should send their reports to the chief internal auditor of the agency reviewed or to the ceo of that agency.

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The Chair then asked that members prepare responses on the next actions that should be taken in the development of a peer review document.

Member Thannen was asked to write his views on recognizing or not recognizing other peer review programs. Members Traver and Zemaitis were to study the two peer review proposals and see if there should be any modifications, considering the input received from the state audit managers group. Member Stanford would prepare ideas on setting training requirements for peer reviewers. Member Omer would prepare a methodology on running the peer review program.

At the request of the Chair, the Members then discussed the matter of the independence of chief internal auditors. This mainly related to the extent of protection that was afforded under the Personnel Code. Chair announced that he had a meeting with Central Management Services, Bureau of Personnel and that more information on this subject would be forthcoming.

Also, Chair commented that Central Management Services, Legal Division was going to furnish information regarding the ability of an agency ceo to make the position of Chief Internal Auditor exempt from the personnel code.

Member Zemaitis then stated his desire to set a precedent by having the Board issue an opinion on the code status of chief internal auditors. Accordingly Member Zemaitis made a motion to this effect and the motion was seconded by Member Thannen. The members present unanimously approved the motion.

The Chair then called for a motion to adjourn. Member Cain made the motion and Member Traver seconded and the members present unanimously approved. The meeting was adjourned at 10:50a.

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(REVISED 021992)

The regular monthly meeting of the Internal Audit Advisory Board (IAAB) was held on the above date in Room 600 in the Stratton Building, Springfield, IL, 62706.

Vice-Chairperson Benedict R. Zemaitis called the meeting to order at 9:33a. The following members were present:

Edward W. Buckles, Office of State Treasurer
Bradley W. Hammond, Department of Conservation
Ronald E. Omer, Office of the Comptroller
James S. Reid, Office of Attorney General
Sharon Stanford, Illinois State University
Donald P. Thannen, Department of Transportation
Richard O. Traver, University of Illinois
Benedict R. Zemaitis, Department of Revenue, Vice-Chairperson

The following members were absent:

John Cain, Office of Secretary of State
Terry Radliff, State Employees Retirement System
William B. Winberg, Central Management Services, Chairperson

There was a quorum present.

Don Bacon of Central Management Services was present as an observer.

The first item on the agenda called for consideration of the minutes from the previous meeting. The Vice-Chairperson asked that certain changes be made regarding that portion of the minutes dealing with personnel code protection. The wording in this area should specifically state that the issue was brought up because of a request made by a chief internal auditor.

With this change, Member Omer made a motion that the minutes be accepted. Member Traver seconded the motion and the members unanimously approved the motion.

The Vice-Chairperson then asked the members to discuss the versions of the peer review programs under consideration, with the intent to develop a consensus. The Vice-Chairperson then proposed adoption of a plan that would provide for various degrees of coverage. This plan would involve a program that would affect minimum compliance, a program that would ensure full compliance and a hybrid version that would encompass both plans.

Member Hammond made a motion that the IAAB adopt a mandatory peer review program that would initially have a five year cycle that would begin on July 1, 1992. The program would feature compliance aspects that would be in agreement with the requirements of both the Fiscal Control and Internal Auditing Act and standards set forth by the Institute of Internal Auditors (IIA)

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Essentially, the program would incorporate the provisions of the programs drafted by Members Zemaitis and Traver along with the input received from the internal audit managers in other agencies.

The plan would provide for full quality review for any agency so requesting it. Further full quality review would be constitute a second round of reviews.

Member Hammond's motion also provided that peer reviews performed by other organizations for state agencies could be used to satisfy the above requirements.

The motion for a mandatory peer review program was seconded by Member Thannen. All members voted aye and the motion was unanimously carried. The following items came under the heading of new business.

Member Traver asked the members to consider asking Chairperson Winberg to request a special appropriation to pay for the costs of conducting peer reviews within the state. It was emphasized that the request should not be made in the name of the employing agency but rather in the name of IAAB. Members agreed that this should be an item to discuss at the next meeting.

(THE FOLLOWING PARAGRAPH IS AN ADDENDUM REQUESTED BY MEMBER OMER)

"Member Omer handed out copies of a Draft proposal regarding his assignment to develop a Peer Review Committee structure. Since members were anxious to end a long meeting, Member Omer suggested that the Draft be reviewed for discussion at the Boards next meeting. He also asked if any Member would be interested in working with him to flesh the initial proposal out in more detail, i.e. into more of a Methodology. Member Reid volunteered."

Member Stanford then gave favorable comment on the Chairperson's approach in assigning various projects to the members.

Member Thannen announced his intention to retire from state service under the provisions of the Early Retirement Incentive and thus to resign from IAAB. He sent a letter to that effect to the Chairperson.

After his announcement to retire, Member Thannen then made a motion to adjourn. Member Stanford followed with a second and the members present carried the motion unanimously. The meeting was adjourned at 11:05p.

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Richard O. Traver, University of Illinois
Benedict R. Zemaitis, Department of Revenue, Vice-Chairperson

The following members were absent:

John Cain, Office of Secretary of State
Terry Radliff, State Employees Retirement System
William B. Winberg, Central Management Services, Chairperson

There was a quorum present.

Don Bacon of Central Management Services was present as an observer.

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Member Omer then stated that he would need help in completing his peer review assignment of developing a plan to execute a peer review program. Member Reid agreed to assist Member Omer with his assignment.

Member Stanford then gave favorable comment on the Chairperson's approach in assigning various projects to the members.

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