

STATE OF ILLINOIS

INTERNAL AUDIT ADVISORY BOARD

Web Address: SIAAB.AUDITS.UILLINOIS.EDU

MINUTES

Board Meeting April 9, 2008

10:00 AM

Call to Order

The regular meeting of the State Internal Audit Advisory Board (SIAAB) was held on April 9, 2008 at the Capital City Center, Springfield, Illinois, Room 104 with video conferencing available at the JRTC, Chicago, Illinois, Room 9035. Chair Rusti Cummings called the meeting to order at 10:06 a.m. Per Ms. Cummings request, Mary Ishmael , Office of the Comptroller attended and recorded the minutes.

Roll Call

Members Present

- Rusti Cummings, Chair – Office of the Comptroller (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
- Carol Kraus, Vice-Chair – Governor’s Office of Internal Audit (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
- Lesslie Morgan – Office of the Attorney General (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)

Members Absent

- Barbara Ringler – Office of the Treasurer
- Nancy Bowyer – Office of the Secretary of State

Guests

- Jim Busick -- Secretary of State (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
- Mary Ishmael – Office of the Comptroller (In Person/CMS Video Conference Room #104 Capital City Center, Springfield)

Minutes

The minutes of the March 12, 2008 board meeting were reviewed by all present. A motion to approve the minutes was made by Ms. Kraus and seconded by Ms. Morgan, and motion carried.

Reports/Updates

CPE Coordinator – Online Peer Review Training Update

Ms. Morgan stated an individual with Illinois State Toll Highway has completed the training. Three individuals are in the process of taking the course. This includes individuals from the Governor's Office, Deloitte and Illinois State Toll Highway. One of these participants has been granted an extension and the other two are pending.

Ms. Cummings inquired if the independent validator approved to perform a self assessment with independent validation for the Illinois Office of the Comptroller had registered for the SIAAB online training course. Ms. Morgan indicated the validator had not yet registered.

Ms. Morgan indicated that she periodically reviews the course materials to determine whether the materials should be updated. She indicated it was her goal to conduct such a review again this year.

Board Executive and Performance Committees – Quality Assessment Review Update

Ms. Cummings reported that new independence and confidentiality forms were received as listed below.

Board Members include:

Ms. Cummings (Illinois Office of the Comptroller),
Ms. Kraus (Illinois Office of the Governor – Office of Internal Audit),
Ms. Morgan (Illinois Office of the Attorney General),
Ms. Boyer (Illinois Office of the Secretary of State),
Ms. Ringler (Illinois Office of the Treasurer)

Performance Committee Members serving in previous year:

Mr. Kincaid (Illinois Office of the Governor – Office of Internal Audit),
Ms. Moreno (State University Civil Service System),
Ms. Smith (Illinois Teacher's Retirement System), and
Mr. Hayward (Illinois State Universities Retirement System).
Ms. Zemaitis (University of Illinois) agreed to serve as a Performance Committee member again and planned to deliver these forms at this meeting but was called away.

New Performance Committee Members agree to serve this upcoming year:

Mr. Papuga (Illinois State University)
Ms. Litton (Eastern Illinois University)

Ms. Hughes-Jackson (Illinois Commerce Commission) and Mr. Stone (Illinois State Employee's Retirement System) had not responded to the request to serve as Performance Committee members. Ms. Cummings will contact these two state internal audit managers again and a few additional people who might be willing to serve as a Performance Committee member.

Ms. Kraus indicated that she may need to make some changes to the Quality Assurance Team that was approved last month for her agency. She will try to finalize the necessary changes and discuss this further with the Board next month.

Ms. Cummings noted that it is becoming increasingly difficult to document independence when considering the number of quality assurance projects completed during the prior two years and the work anticipated for this next year. After discussion, it was decided that the Independence Form should be revised to include an additional information section. This information will assist the Board members in our approval of Quality Assurance teams, as well as Performance and Executive Committee assignments. While Ms. Morgan and Ms. Cummings have tracked these assignments, this documentation will help ensure that the Board's information has been accurately tracked and passed from year to year. This new section will summarize the individual's agency, retirement affiliations, any oversight by other state agencies, their Quality Assurance / Subsequent Review teams, any Quality Assurance / Subsequent Review teams that this person may have served on, and Board appointments. It was noted that the independence form should be completed by all members of a quality assurance team, performance committee, executive committee, Board members, and Board members' designees.

There was further discussion about the period of time that must pass before previous quality assurance impairments were no longer a conflict. It was determined that the impairment would no longer exist after the next quality assurance project has been completed.

To ensure that the Performance Committee members are independent of prior Quality Assurance projects, Ms. Kraus indicated she would volunteer several individuals from her office to serve on this committee. These individuals have the audit experience and familiarity with the state internal audit function necessary to serve on this project. There was some discussion as to whether these individuals would need to re-take the SIAAB online course. It was decided that anybody who has taken the Peer Review Online course since December 22, 2004 will not need to re-take it.

The approval of Performance and Executive Committees were tabled until next meeting after the additional independence form information has been gathered from each of the prospective individuals.

Reviews are in Progress for Illinois Office of the Secretary of State, Illinois Housing Development Authority, Illinois State Universities Retirement System, and Illinois Office of the Comptroller.

Old Business

University Appointment –

Ms. Kraus stated she had been told that an appointment would be made today.

Fiscal Control and Internal Auditing Act –

The Comptroller, in consultation with Central Management Services, is required by statute to establish guidelines for the evaluation of internal fiscal and administrative controls. Ms. Kraus indicated that her office has begun researching the internal control review process used by other states. She found that Ohio's guidance was the most recent legislation and was very thorough. She also indicated that North Carolina's appeared to be very good. The Ohio version included Chief Internal Auditor qualifications, vulnerability assessments, transaction checklists, SAS #99 materials, and internal control training. Ms. Kraus stated that the Budget Book contained performance measures that would be a good start if a vulnerability assessment were to be attempted. She also indicated that the financial type personnel are most likely the individuals who complete the internal control evaluations but that there would be a benefit to educating and encouraging program personnel to understand the internal control processes within their organizations. Ms. Cummings will be reviewing this same guidance and will bring future updates to the Board regarding this process. The Board members were encouraged to share any thoughts and comments with Ms. Cummings or Ms. Kraus.

New Business

Ms. Cummings had contacted Ms. Hall about the availability of the Capital City Center. The large basement meeting room was not available October 28th or November 13th, 20th, and 25th. Possible dates for the fall training conference were discussed. It was decided that November has four holidays which take the audit staff away from their duties and December's weather is too unreliable. Therefore, it was decided that October was the best month. To avoid the Friday before the long holiday weekend and the IIA/ISACA meetings which are generally held the third week each month, it was decided that the first choice would be October 6th and 7th with the alternative dates of October 1st and 2nd. Ms. Cummings will contact Ms. Hall to reserve the dates.

Announcements

The next regular meeting will be May 14, 2008 – 10:00 a.m. at the Capital City Center's Video Conference Room #104, 130 West Mason, Springfield, Illinois. For those attending via video conference in Chicago, the JRTC Room 9035 has been reserved.

Adjournment

A motion to adjourn the Regular Session was made by Ms. Kraus and seconded by Mr. Busick. The motion was approved at 12:02 a.m.

Board Committee Meetings

Performance Committee – None.

Executive Committee – None.