

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

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

**MINUTES**

**Board Meeting- May 23, 2013**

**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 9-036, Chicago, Illinois. The meeting was called to order at 1:03 p.m. by Chairman Hathhorn.

**ROLL CALL**

**Members Present/Location:**

Douglas Hathhorn (Chairman), Illinois Department of Revenue- Springfield  
Marcus Dodd (Vice Chair), Illinois Department of Employment Security - Chicago  
Debbie Abbott, Central Management Services-Springfield  
Lesslie Morgan-Office of the Attorney General- Springfield  
Nick Barnard representing Barb Ringler, Office of the Treasurer- Springfield  
Tracy Allen, Office of the Comptroller – Springfield  
Stell Mallios, Office of Secretary of State- Chicago  
Jane Cullen, Illinois Department on Aging - Springfield  
Steve Kirk, Department of Transportation - Springfield  
Gary Shadid-Illinois Department of Commerce and Economic Opportunity- Springfield  
Julie Zemaitis, University of Illinois – Springfield – Phone conference line

**Members Absent**

None

**MINUTES**

The April 9, 2013, meeting minutes were presented to the Board for discussion and approval. Minor changes were suggested by Ms. Zemaitis and accepted at the meeting. A motion was made by Ms. Morgan and seconded by Mr. Shadid to accept the April 9, 2013 minutes as amended. The motion carried unanimously.

## REPORTS AND UPDATES

### CPE Coordinator

Ms. Zemaitis reported that since the last meeting, several individuals have taken the online QAR training course. The updates to the 2013 standards were completed and QAR course was opened. The following is the detailed activity from the last month:

#### **QAR 2011:**

Ying Liu, Central Management Service – **Completed: 4/12/13**  
Jeffrey Anderson, Office of the State Fire Marshal – **Completed: 4/23/13**  
David Boyd, Central Management Service – **Completed: 4/24/13**

#### **QAR 2013:**

Harold J Wagner, Department of Veteran Affairs – **Completed: 4/26/13**  
Ryan P. Holmes, University of Illinois – **Completed: 4/29/13**  
Kristin M. Iannucci, Illinois State University – **Completed: 4/29/13**  
James R. Jones, Southern IL University-Carbondale – **Completed: 5/10/13**  
Jennifer E. Boen, Department of Insurance – **Completed: 5/13/13**  
Suzie Lewis, Department of Human Services – **Completed: 5/14/13**  
Catherine Madonia, Department of Human Services – **Completed: 5/17/13**  
Patricia A. Anderson, Southern Illinois University-Edwardsville – **Completed: 5/21/13**  
Edward N. Schofield, Department of Insurance – **Pending**  
Shayne Clennon, Department of Human Services – **Pending**  
Rob Blemler, Illinois State University – **Pending**  
Caprice F. Williams, Central Management Services – **Pending**

There was an issue discussed at the previous Board meeting regarding obtaining CPE credit for internal audit staff training. Ms. Zemaitis provided updated language to the by-laws to state the requirement that the CPE Sponsor must be registered with either the Illinois Department of Professional Regulation or the National Association of State Boards of Accountancy (NASBA) as a CPE Sponsor in order for the hours to qualify for CPE. The following language was amended to the By Laws:

#### **2.5.2 QUALIFYING CPE ACTIVITIES**

The Internal Audit Advisory Board, upon written request to the Board's CPE Coordinator, will issue interpretations of what CPE activities qualify as acceptable.

A specific program or activity qualifies as acceptable CPE if it directly enhances the auditor's professional proficiency to perform audits and/or attestation engagements. Additionally, the CPE Sponsor must either be registered as a CPE Sponsor with the Illinois Department of Professional Regulation or the National Association of State Boards of Accountancy (NASBA) National Registry.

A motion was made by Ms. Zemaitis and seconded by Mr. Dodd to accept the updated language to the By Laws in section 2.5.2. The motion carried unanimously.

## **QAR Forms**

Discuss on the final forms being approved for the QAR documents. Ms. Zemaitis provided the most recent version of the “SIAAB Subsequent Review Template” and the “SIAAB QAR Review Process” to the Board.

*SIAAB Subsequent Review Template* – It was discussed by the Board that this form has been used in the past by audit shops that partially or does not conform to parts of the QAR. Ms. Morgan stated that it has been many years since there has been an entity that did not fully comply with the QAR. Ms. Zemaitis has the same recollection of the issue. Mr. Kirk made the point that under the current Standards, the Chief Internal Auditor can document and clear the noted issues during the QAR process. This is a way for issues to be cleared without going through a complete QAR process again.

Ms. Morgan stated that Practice Advisory 1321-1:

*Before the internal audit activity’s use of the conformance phrase, any instances of nonconformance that have been disclosed by a quality assessment (internal or external) which impair the internal audit activity’s ability to discharge its responsibilities need to be adequately remedied. In addition, the following are needed:*

- *Remedial actions need to be documented and reported to the relevant assessor(s) to obtain concurrence that the nonconformance has been adequately remedied, and*
- *Remedial actions and agreement of the relevant assessor(s) therewith need to be reported to senior management and the board.*

It was determined that this form should be maintained as a tool that could potentially be used by an entity in the future to resolve partially or does not conform issues noted in a QAR.

*SIAAB QAR Review Process* – It was discussed that this document is basically a repeat of what’s already in the SIAAB Bylaws QAR section. It was determined that the document should be eliminated and Exhibit A: Internal Audit Staff Survey and Exhibit B: Chief Executive Officer and Audit Committee Questionnaire shall be maintained as QAR tools, much like the Matrix.

A motion was made by Ms. Cullen and seconded by Mr. Abbott to accept the most recent version of the “SIAAB Subsequent Review Template”, eliminate “SIAAB QAR Review Process” document, and maintain as a QAR tool “Exhibit A: Internal Audit Staff Survey” and “Exhibit B: Chief Executive Officer and Audit Committee Questionnaire.” The motion carried unanimously.

## **Meeting Break**

There was an interruption of the meeting due to scheduling conflict of the room in Chicago. The meeting was halted at 1:30 and reconvened at 1:42.

## **FOIA**

Mr. Barnard had nothing to report.

## **Guidance Coordinator**

Mr. Kirk had nothing new to report. The current discussion of pending guidance will be discussed as part of Old Business.

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

Chairman Hathhorn and Vice-chair Dodd reported that the review of the State Board of Education QAR was nearly completed. It was discussed that we ensure that the Independence and Confidentiality statements were on-hand for Daniel Ryan who acted as a Special Assistant in the review of this QAR. Chairman Hathhorn stated that he would ensure the required documents were maintained.

The Board discussed the approval of the QAR Review team for the Department of Central Management Services. The Chairman received a request from Debbie Abbott, Chief Internal Auditor on April 26, 2013 for approval of the QAR Review Team with Jeff Anderson as the External Validator. Jeff Anderson has submitted the required forms and has already completed the QAR Certification. It was recommended that the Board receive Jeff Anderson's resume to file with the rest of the documentation.

A motion was made by Mr. Kirk and seconded by Mr. Allen to approve the QAR team presented to the Board by the Department of Central Management Services. The motion carried unanimously with Debbie Abbott abstaining from the vote. The Chairman will send the approved forms to the Department of Central Management Services.

## **New Business**

### **2013 Fall Conference**

The Board discussed the 2013 Fall Conference. The conference has been scheduled for Tuesday and Wednesday, October 29<sup>th</sup> and 30<sup>th</sup>. We talked about using the same format and possible having a separate break-out time for all Chief Internal Auditors (CIAs) and then another break-out for University staff so the University CIAs can also participate in the Chief Internal Auditor break-out session. Ms. Zemaitis will send the survey results from the past Fall Conference to all Board members. This will be discussed further at the next Board Meeting. The following potential speakers were identified to contact as possible presenters for this year's conference:

- Illinois Auditor General
- Treasurer's Office
- Comptroller's Office
- Executive Inspector General
- Attorney General's Office to discuss FOIA/OMA
- Executive Ethics Commission

Chairman Hathhorn, Mr. Allen and each Constitutional Office SIAAB Board member will contact these entities before the next Board meeting to get their input on participating in the 2013 Fall Conference.

### **Old Business**

#### **Guidance Drafts 13-01 and 13-03:**

The guidance drafts have been distributed to the Board members and being presented by Mr. Kirk. It was discussed to make minor changes to 13-01.

A motion was made by Ms. Morgan and seconded by Mr. Dodd to accept guidance draft 13-01 with the changes discussed at the Board meeting. The motion carried unanimously. The Guidance Coordinator shall issue the final draft to all Chief Internal Auditors for a 30-day comment period.

Guidance draft 13-03 was discussed and should be renamed 13-02 to have the issued guidance drafts being concurrent. In addition, there were a few wording changes to the document and moving some of the definitions from page 7 to the beginning of page 1.

A motion was made by Ms. Cullen and seconded by Ms. Morgan to accept guidance draft 13-02 with the changes discussed at the Board meeting. The motion carried unanimously. The Guidance Coordinator shall issue the final draft to all Chief Internal Auditors for a 30-day comment period.

#### **Record Retention Listing**

This was tabled till the next meeting.

### **ANNOUNCEMENTS**

The next regular meeting is scheduled for June 11, 2013 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**

Motion made by Mr. Kirk to adjourn the meeting.

Second: Ms. Cullen

Vote was unanimous and the meeting was adjourned at 3:10 p.m.