



Record of Meeting | June 16, 2022

The Illinois State Toll Highway Authority (“Tollway”) held the regularly scheduled Audit Committee meeting on Thursday, June 16, 2022. The meeting was held pursuant to the By-Laws of the Tollway upon call and notice of the meeting executed by Chair Dorothy Abreu and posted in accordance with the requirements of the Open Meetings Act, 5 ILCS 120/1, *et seq.*

Due to necessary precautions relating to COVID-19, in accordance with the Gubernatorial Disaster Proclamation and current conditions, and consistent with the Open Meetings Act, it was determined by Chair Abreu that an in-person meeting of the body was neither practical nor prudent. In compliance with all conditions of Section 7(e) of the Open Meetings Act, 5 ILCS 120/7(e), the Committee meeting was conducted by audio conference. A telephone access number was provided for members of the public to monitor and/or participate in the meeting.

[Bolded entries indicate issues which may require follow-up to present or report to Directors.]

Call to Order / Roll Call

Committee Chair Alice Gallagher called the meeting to order at approximately 9:15 a.m., stating that this is the regularly scheduled meeting of the Audit Committee of the Tollway Board of Directors. She then asked the Board Secretary to call the roll, those Directors present and absent being as follows:

Committee Members Present:
Committee Chair Alice Gallagher
Director James Connolly
Director Jacqueline Gomez
Director Scott Paddock
Director Gary Perinar

Other Directors in Attendance:
Chair Dorothy Abreu
Director James Sweeney
Director Karen McConnaughay

Committee Members Not Present:
None

The Board Secretary declared a quorum present.



Public Comment

Committee Chair Gallagher opened the floor for public comment. Mr. Rafael Garcia addressed the Committee regarding an I-PASS issue. Committee Chair Gallagher thanked Mr. Garcia for sharing his concerns and requested staff follow up with Mr. Ramirez post-meeting.

Committee Chair's Items

Committee Chair Gallagher entertained a motion to approve **Committee Chair's Item 1**, the Minutes of the regular Audit Committee meeting held on March 16, 2022, as presented. Director Perinar made a motion to approve the minutes, seconded by Director Gomez. Committee Chair Gallagher asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Perinar, Director Gomez, Director Connolly, Director Paddock, Committee Chair Gallagher (5)

Nays: (0)

The motion PASSED.

Committee Business

Committee Chair Gallagher called on Chief Internal Auditor Shaun Farmer to present to the Committee and update on the Internal Control Program. [See attached presentation.](#)

Directors and staff discussed compliance and internal control assessment designed to evaluate existing practices and controls in specific key functions with the goal of improving practices and mitigating relevant compliance risk. Mr. Farmer also discussed current internal audit activities including statutorily required cycle audits and two additional risk-based audits identified in the audit plan. Mr. Farmer also presented an activity summary of the Enterprise Risk Management program including governance, reporting, and implementation of next steps.

Upon conclusion of the discussion, Committee Chair Gallagher thanked Mr. Farmer.

Adjournment

There being no further Committee business, Committee Chair Gallagher entertained a motion to adjourn. Director Perinar made a motion to adjourn, seconded by Director Gomez. Chair Gallagher asked that the roll be called on the motion, the vote of yeas and nays being as follows:



Yeas: Director Gomez, Director Connolly, Director Paddock, Director Perinar, Committee Chair Gallagher (5)

Nays: (0)

The motion PASSED.

The meeting was adjourned at approximately 9:37 a.m.

A handwritten signature in cursive script that reads 'Christi Regnery'.

Minutes taken by: _____

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority



INTERNAL CONTROL PROGRAM UPDATE

Chief Internal Auditor Shaun Farmer
June 16, 2022

AGENDA

Internal Control Updates

Sarbanes-Oxley (SOX) Program

Internal Audit Activities

ERM Program





SARBANES-OXLEY (SOX) PROGRAM UPDATE



SOX PROGRAM UPDATE

Compliance and Internal Control Program

Purpose

- ✓ Compliance and internal control assessments designed to evaluate existing practices and controls in specific key functions
- ✓ Goals include improving practices and mitigating relevant compliance risk

Approach



**Process
documentation**



Evaluation



Risk control matrix



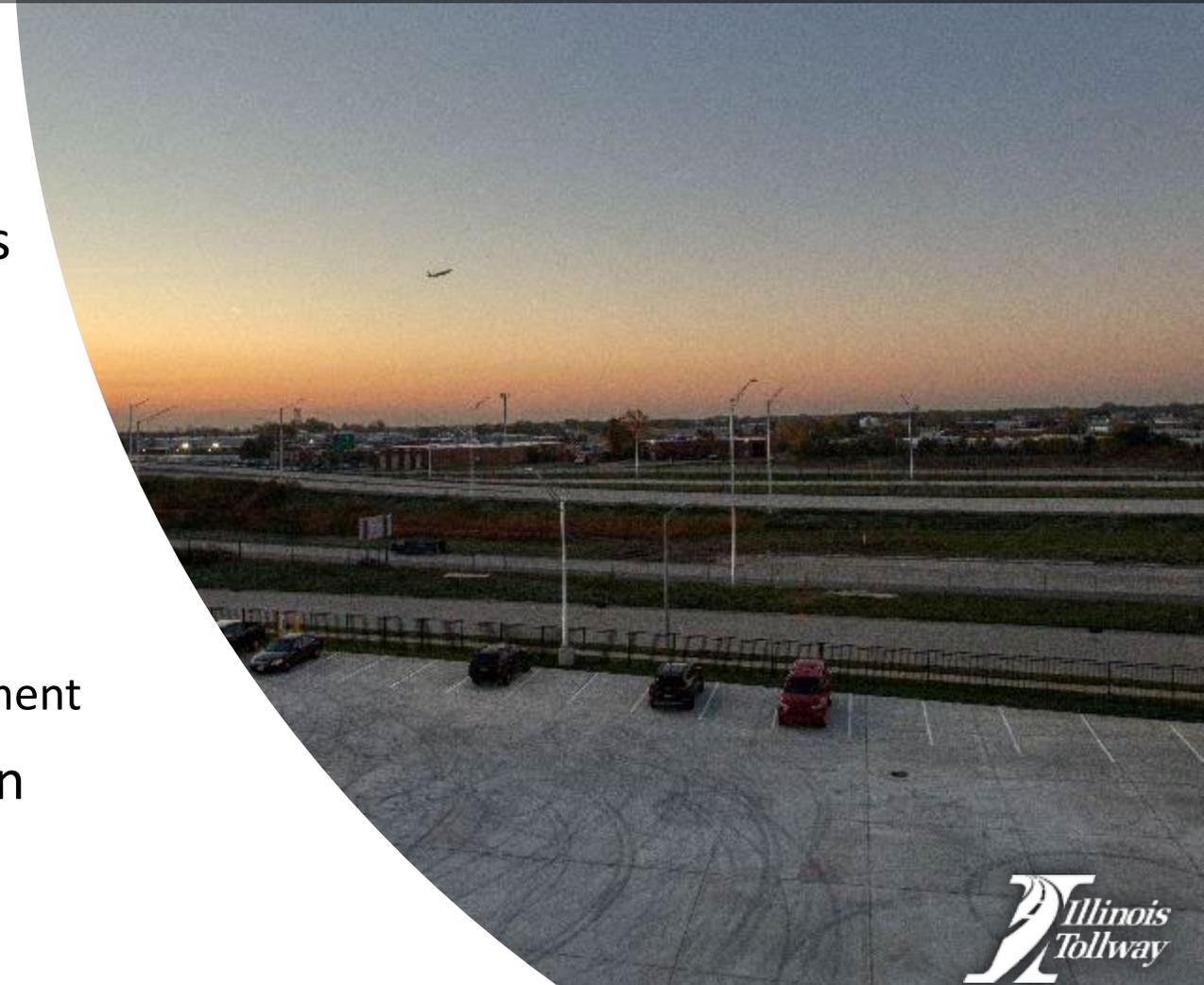
Recommendations

SOX PROGRAM UPDATE

Compliance and Internal Control Program

Outcomes

- Identification and documentation of key processes, sub-processes and process owners
- Product, including process flow diagrams and internal control matrices, belong to the department
- Program and testing:
 - Intended to evaluate adequacy and identify gaps
 - Strengthen the Tollway's overall control environment
- Defined structure establishing communication and partnership amongst key stakeholders



SOX PROGRAM UPDATE

Pre-Assessment Phase

Current activities completed

- Conducted SOX pre-kickoff meetings with:
 - ✓ Toll Revenue
 - ✓ Goods and Services Procurement
 - ✓ Procurement Financial Statement Close and Reporting
 - ✓ Human Resources
- Confirmed scope, processes, sub-processes, and identified process owners for Toll Revenue, Goods and Services Procurement
- Initiated SOX activities for Toll Revenue, Goods and Services Procurement in May 2022

Next Steps

- 1 Conduct meetings for additional SOX functional areas to be reviewed during remainder of FY22 and beyond, including:
 - ✓ Financial Statement Close
 - ✓ Payroll
 - ✓ Human Resources
- 2 Confirm scope, processes, sub-processes and process owners for remaining functional areas
- 3 Complete functional area reviews



SOX PROGRAM UPDATE

Status of Current Workstreams

Toll Revenue

Kick-off meeting conducted May 2

- ✓ Scheduled the first half of the process walkthroughs
- ✓ Currently documenting process maps for the walkthroughs that have already occurred
- ✓ Identifying key compliance regulations and activities

Goods and Services Procurement

Kick-off meeting conducted May 10

SOX PROGRAM UPDATE

Key Functional Areas and Tentative Timelines

Key Functional Areas	Kick-off Estimate
Toll Revenue	May 2022
Goods and Services Procurement	May 2022
Financial Statement Close and Reporting	July 2022
Payroll	Nov 2022
Human Resources	FY 2023
Fixed Assets	FY 2023
Investment Management	FY 2023
Information Technology General Controls	FY 2023
Accounts Payable	FY 2024
Inventory Management	FY 2024

INTERNAL AUDIT ACTIVITIES UPDATE





INTERNAL AUDIT CURRENT ACTIVITIES

Field work phase of:

- Statutorily required cycle audits
- Two additional risk-based audits identified on audit plan

Timely completion of Annual Certification Letter to Auditor General

Coordinating external audit activities for Tollway audit by Auditor General

Performed required peer review for another state agency

Assist other state agencies on state requirements, form peer group for greater collaboration

Internal and external audit finding remediation support to departments

Continuing training and professional education to develop and enhance skillsets





CURRENT ACTIVITIES

- ✓ SOX Internal Controls Program
- ✓ Enterprise Risk Management (ERM) Program
- ✓ Agile Audit Implementation
- ✓ Construction vendor review
- ✓ Technology implementation

** Internal Audit does not own all projects listed, as certain projects are operational in nature and therefore owned by the business. Rather, Internal Audit helps establish the internal control environment where appropriate.*





ERM PROGRAM UPDATE



ENTERPRISE RISK MANAGEMENT PROGRAM

Overview

ERM is a structured framework for managing risks which involves:

Enterprise Risk Management

Identifying events or circumstances relevant to the achievement of an organization's strategic objectives (risks and opportunities)

Assessing the upside and downside of risks in terms of likelihood and magnitude of impact

Determining a risk response strategy

Monitoring and reporting on status of action plans, changes to risks and new/emerging risks





ERM PROGRAM GOVERNANCE

- ✓ **ERM Steering Committee comprised of executive leaders from various functional areas**
- ✓ **The ERM Steering Committee’s mission is to create a practical and sustainable process to assist with identifying, assessing, and managing risks and opportunities across the agency**
- ✓ **In this capacity, the ERM Steering Committee facilitates leadership discussion of strategic risk and develops a balanced and practical approach to address and mitigate risk**
- ✓ **The ERM Steering Committee meets quarterly to review the top risks and related risk mitigation strategies**
- ✓ **At least semi-annually, program updates will be communicated to the Audit Committee and Chairman of the Board**



CURRENT ERM STEERING COMMITTEE MEMBERS

Lanyea Griffin, Interim Executive Director

Cassandra Rouse, Chief Operating Officer

Cathy Williams, Chief Financial Officer

Arthur Grist, Chief Security Officer

Joe Kambich, Chief of Information Technology

Kathleen Pasulka Brown, General Counsel

Angela Jenkins, Acting Chief of Administration

Eric Ocomy, Chief of Contract Services

Terry Miller, Chief of Diversity and Strategic Development

Shaun Farmer, Chief of Internal Audit



2022 ERM PROGRAM ACTIVITY SUMMARY

1

Steering Committee reconvened to discuss 2021 accomplishments program objectives and next steps

2

Internal Audit facilitated one-on-one interviews with Steering Committee to discuss and understand changes in risk landscape for inherent risks

3

Steering Committee provided updated mitigation statuses for enterprise risks through Q2 2022

4

Internal Audit analyzed input from Steering Committee to refresh risk ratings and create a prioritized ranking of top residual enterprise risks

5

Present 2022 ERM risk assessment results to Board/Audit Committee and share recommended next steps related to program maturation

ERM: NEXT STEPS

- ✓ Evaluate existing risk response, mitigation strategies for top risks
- ✓ Develop new and/or revised mitigation strategies
- ✓ Re-establish ERM Steering Committee communication protocols and meeting cadence
- ✓ Continue to monitor status of risk response strategies and mitigation efforts for top risks
- ✓ Risk owners to present/discuss updates as part of ERM Steering Committee meetings
- ✓ Implement the use of key risk indicators and other metrics to enhance risk monitoring effectiveness
- ✓ Assess and address changes in risk landscape and emerging risks

THANK YOU

WORK
ZONE

SPEED
LIMIT
45

\$ 250 FINE
MINIMUM

500

