



Record of Meeting | June 29, 2023

The Illinois State Toll Highway Authority (“Tollway”) held the regularly scheduled Finance & Audit Committee meeting on Thursday, June 29, 2023, in the Boardroom of Tollway Headquarters in Downers Grove, Illinois. The meeting was held pursuant to the By-Laws of the Tollway upon call and notice of the meeting executed by Chairman Arnaldo Rivera and posted in accordance with the requirements of the Open Meetings Act, 5 ILCS 120/1, *et seq.*

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

Call to Order / Roll Call

Director Perinar stated that in accordance with Illinois Tollway By-laws Section 4(c), Chairman Rivera has appointed him to serve as committee chair for the purposes of the meeting. Committee Chair Perinar called the meeting to order at approximately 9:07 a.m. He then asked the Board Secretary to call the roll, those Directors present and absent being as follows:

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

Other Directors in Attendance:
Director Karen McConnaughay
Chairman Arnaldo Rivera

Committee Members Not Present:
None

The Board Secretary declared a quorum present.

Public Comment

Committee Chair Perinar opened the floor for public comment. No public comment was offered.

Committee Chair’s Items

Committee Chair Perinar entertained a motion to approve **Committee Chair’s Item 1**, the Minutes of the regular Finance & Audit Committee meeting held on May 25, 2023, as presented. Director



Gomez made a motion to approve the Minutes, seconded by Director Connolly. The motion PASSED unanimously by voice vote.

Having no further items, Committee Chair Perinar called on Executive Director Cassandra Rouse.

Executive Director's Items

Executive Director Rouse introduced Shaun Farmer, Chief Internal Auditor, to present the Internal Audit department update. [See attached presentation.](#)

Upon conclusion of the presentation and discussion, Committee Chair Perinar thanked Mr. Farmer.

Adjournment

There being no further Committee business, Committee Chair Perinar entertained a motion to adjourn. Director Gomez made a motion to adjourn, seconded by Director Connolly. The motion PASSED unanimously by voice vote.

The meeting was adjourned at approximately 9:20 a.m.

Minutes taken by: _____

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority



INTERNAL AUDIT UPDATE

SHAUN FARMER, *CHIEF INTERNAL AUDITOR*

June 29, 2023



AGENDA

Internal Auditor: Purpose, Authority and Responsibility

Internal Audit Charter

2022 Internal Audit Activity

2023 Planned Audit Activities

Governance and Management of Findings

Department Organization

INTERNAL AUDITOR

Purpose, Authority, and Responsibility

Purpose

To provide ongoing, objective and independent review of internal controls and independent appraisals, audits, analysis and counsel related to the assessment of business risk

Authority

Internal Audit performs audit activities in conformance with:

- The Fiscal Control and Internal Auditing Act (FCIAA)
- International Standards for the Professional Practice of Internal Auditing Standards (IIA Standards)
- Code of Ethics of the Institute of Internal Auditors
- State of Illinois Internal Audit Advisory Board (SIAAB)
- Generally Accepted Government Auditing Standards (GAGAS)
- Internal Audit Charter (updated in 2022 - copy provided)

Responsibility

To review:

- The reliability and integrity of financial and operating information
- Fiscal, operational and administrative operations
- Systems established to ensure compliance with policies, plans, procedures, laws and regulations that could significantly impact operations

To evaluate effectiveness and efficiency with which resources are employed

INTERNAL AUDIT CHARTER

An aerial photograph of a multi-lane highway interchange with several overpasses and ramps. The image is partially obscured by a solid green horizontal bar at the top, which contains the title 'INTERNAL AUDIT CHARTER' in white, bold, sans-serif capital letters. Below the green bar, the image continues, showing the highway and surrounding landscape. Overlaid on the image are seven horizontal bars of varying shades of green and white, each containing a key component of the internal audit charter in white, bold, sans-serif capital letters.

PURPOSE

ACCOUNTABILITY, AUTHORITY, AND ACCESS

RESPONSIBILITIES

SCOPE OF WORK

INDEPENDENCE

REPORTING PROCESS

PERIODIC ASSESSMENTS

2022 INTERNAL AUDIT ACTIVITY

- ✓ Two-year audit plan
- ✓ Annual certification letter
- ✓ Cycle audits (5)
- ✓ September 30th Report
- ✓ Operational audits

- ✓ Support key Tollway initiatives
- ✓ Payment Card Industry (PCI) audit
- ✓ Peer reviews to assist other state agencies
- ✓ Audit finding remediation

2022 INTERNAL AUDIT ACTIVITY

2022 Audits

TITLE OF AUDIT
Change Order/Extra Work Order Audit
General Engineering Consultant Audit Review
Administrative Support Services Cycle
Disaster Recovery Review
Property, Equipment and Inventory Cycle
Electronic Data Processing Cycle
Ethics Compliance Audit
Budgeting, Accounting and Reporting Cycle
Revenues & Receivables Cycle
Petty Cash (if disbursements >\$5,000)
Grants (if the Tollway receives Federal grants)

2023 PLANNED AUDIT ACTIVITIES

2023 Cycle Audits

- Expenditures
- Personnel and payroll
- Agency organization and management
- Purchasing and procurement
- Grant administration (if necessary)
- Petty Cash (if disbursements exceed \$5,000)

Other Key Audit Activities

- IT, risk-based and external party reviews
- Special projects, management requests and department initiatives
- Finding remediation and resolution
- Support to other state agencies
- Inspector General assistance
- Training and education
- Volunteer and outreach activities

GOVERNANCE AND MANAGEMENT OF FINDINGS

- Audit observations and recommendations addressed by management
- Responses and estimated implementation dates provided by Tollway management
- Internal Audit follows up on finding status monthly and annually for Certification Letter
- Frequent interaction and reporting to support the business units
- Monthly touch base meetings held with each department
- Monthly report distributed to management/key stakeholders
- Coordinated efforts with the Executive Director
- Monthly meetings and additional communications with the Chairman and Audit Chair
- Support from the Board of Directors, Audit Chair, and Executive Office driving results

INTERNAL AUDIT IS INDEPENDENT, FREE OF OPERATIONAL DUTIES, AND NO RESTRICTIONS ARE PLACED UPON WORK OR ACCESS

DEPARTMENT ORGANIZATION

Executive Secretary

Chief Internal Auditor

Senior Internal Audit Manager

Internal Audit Manager (2)
(Business/Construction)

Internal Audit Supervisor

Senior Internal Auditor (2)

Internal Auditor (3)

Strategy Analysts (2)



THANK YOU