



Record of Meeting | April 18, 2024

The Illinois State Toll Highway Authority (“Tollway”) held the regularly scheduled Finance & Audit Committee meeting on Thursday, April 18, 2024, 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

Committee Chair Perinar called the meeting to order at approximately 9:02 a.m. He 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 Karen McConnaughay
Director Scott Paddock

Other Directors in Attendance:
Director Melissa Neddermeyer
Director James Sweeney
Director Mark Wright
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 March 21, 2024. Director



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

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

Executive Director

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

Upon conclusion of the presentation and discussion, Executive Director Rouse asked Mr. Farmer to provide a program status update on the Enterprise Risk Management Program. [See attached presentation.](#)

Items for Consideration

Finance

Executive Director Rouse asked Chief Financial Officer Cathy Williams to present the following item for the Committee's consideration:

Item 1: Award of contract issued through the Office of the Illinois State Treasurer to JPMorgan Chase Bank, N.A. providing the Illinois Tollway with customary banking services in an amount not to exceed \$250,000.00 (Treasurer Request for Proposal)

Upon conclusion of the item presentation, Committee Chair Perinar entertained a motion to approve placement of **Finance Item 1** on the April Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director McConnaughay made a motion to approve this item, seconded by Director Gomez. The motion PASSED unanimously by voice vote.

Adjournment

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



The meeting was adjourned at approximately 9:03 a.m.

Minutes taken by: _____

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority



INTERNAL AUDIT UPDATE

Shaun Farmer, *Chief Internal Auditor*

April 18, 2024

AGENDA

- **Internal Audit: Purpose, Authority and Responsibility**
- **Internal Audit Charter**
- **2023 Internal Audit Activity**
- **2024 Planned Audit Activities**
- **Governance and Management of Findings**
- **Department Organization**

INTERNAL AUDITOR

Purpose

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



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



Responsibility

To review:

- 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

Responsibility to evaluate effectiveness and efficiency with which resources are employed



INTERNAL AUDIT CHARTER

- ✓ Purpose
- ✓ Accountability, authority and access
- ✓ Responsibilities
- ✓ Scope of work
- ✓ Independence
- ✓ Reporting process
- ✓ Periodic assessments

ILLINOIS STATE TOLL HIGHWAY AUTHORITY INTERNAL AUDIT DEPARTMENT

INTERNAL AUDIT CHARTER

Purpose

The Fiscal Control and Internal Auditing Act (FCIAA) requires the Illinois State Toll Highway Authority (Tollway) to establish and maintain a full time program of internal auditing. The Internal Audit Department (IA) provides the Tollway's internal auditing program. FCIAA also requires audits of major systems of internal accounting and administrative control on a periodic basis. These systems will be identified during the annual audit planning process.

Internal Audit is an independent, objective assurance and consulting activity, which is established to add value and improve the Tollway's operations. IA will assist the Tollway in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

Values and Core Principles

IA's values and core principles include the following:

- Integrity and professional care;
- A commitment to quality and continuous improvement;
- Independent assessments of risk and control;
- Fostering future-focused collaboration and team work in alignment with organizational strategies and objectives;
- Promotion of risk awareness and risk management throughout the Tollway;
- Provision of effective, balanced, and objective communication to management and the Finance & Audit Committee.

Accountability, Authority and Access

2023 INTERNAL AUDIT ACTIVITY

Completed Activities

- ✓ Two-year audit plan
- ✓ Annual certification letter
- ✓ Cycle audits (4)
- ✓ September 30 report
- ✓ Operational audits
- ✓ Support key Tollway initiatives
- ✓ Payment Card Industry (PCI) audit
- ✓ Peer reviews to assist other state agencies
- ✓ Audit finding remediation

2023 Audits



- Vendor IT Risk Management Review (1)
- Network Device Audit (2)
- Errors and Omissions Audit (1)
- Organization and Management Cycle (1)
- Purchasing, Contracting and Leasing Cycle (1)
- Personnel and Payroll Cycle (2)
- Ethics Compliance Audit (0)
- Records Retention Audit (1)
- Expenditure Control Cycle (2)
- Design Engineer's Estimate Review (1)
- Petty Cash (if disbursements >\$5,000)
- Grants (if the Tollway receives federal grants)

2024 PLANNED AUDIT ACTIVITIES

2024 Cycle Audits

- Administrative Support Services
- Budgeting, Accounting and Reporting
- Revenues and Receivables
- Property, Equipment and Inventories
- Electronic Data Processing
- Grant Administration (if necessary)
- Petty Cash (if disbursements exceed \$5,000)

Other Key Audit Activities

- 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

Internal audit is independent, free of operational duties and no restrictions are placed upon work or access

- 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 Executive Director
- Monthly meetings and additional communications with the Chairman and Finance & Audit Chair
- Support from the Board of Directors, Finance & Audit Chair, and Executive Office driving results

DEPARTMENT ORGANIZATION

Chief Internal Auditor

Oversees Executive Secretary and Department

● **Senior Internal Audit Manager**
Oversees Internal Audit Managers

● **Internal Audit Managers (2)**
Oversees Internal Audit Supervisor and staff

● **Internal Audit Supervisor**
*Oversees: Senior Internal Auditors (2),
Internal Auditors (3), Strategy Analysts (2)*

Vacancies

- Senior Internal Auditor Manager
- Internal Auditor Manager (*Construction*)
- Internal Audit Supervisor
- Two Internal Auditors
- Two Strategy Analysts



THANK YOU





ENTERPRISE RISK MANAGEMENT

Program Update

Shaun Farmer, *Chief Internal Auditor*

April 18, 2024

ENTERPRISE RISK MANAGEMENT (ERM) OVERVIEW

ERM is a structured framework for managing risks, which involves:

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

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

Determining a risk response strategy



ERM PROGRAM GOVERNANCE

ERM Steering Committee



- Oversight by Executive Office
- Comprised of leaders from various functional areas
- Engages risk owners with operational responsibility related to each risk area
- Facilitates leadership discussions of strategic risk
- Meets quarterly to review top risks and related risk mitigation strategies
- Develops a balanced and practical approach to address and mitigate risk
- Provides program updates to the Finance & Audit Committee and Board

ERM PROGRAM ACTIVITY

OCTOBER 2023

Steering Committee Meeting
*Members shared success stories
driven by ERM program*

NOVEMBER 2023

Steering Committee members
*completed survey and rated
current key risks*

JANUARY 2024

Steering Committee Meeting
*Survey results discussed, risk ratings
revised and consensus received*

Steering Committee continues to monitor risks for action throughout 2024



THANK YOU

Naperville
Whitton
List
ext 127