



Internal Audit Activity Update

April 20, 2016
Cassandra Rouse



Agenda

Internal Audit (IA) purpose, authority and responsibility

Fiscal Control and Internal Auditing Act (FCIAA)

Cycle Audits

Internal Audit Activity

External Audit

Department Resources

Fiscal Control and Internal Auditing Act

INTERNAL AUDIT

- Our work during 2015 continued to focus on the integrity of the Tollway's financial reporting, the independence and effectiveness of the external and internal audit activities, the Tollway's risk management processes and assessing the Tollway's system of internal controls.



IA Purpose, Authority and Responsibility

- Provide independent objective assurance and consulting engagements
- Add value in Tollway's effectiveness and efficiency
- IA has authority to access Tollway/agent employees and records
- Perform engagements proficiently and with due professional care pursuant to applicable standards

IA Purpose, Authority and Responsibility

- The Chief Internal Auditor and internal audit staff shall be free of all operational duties
- Full and free access to the Audit Committee
- Unrestricted access to the Tollway's records, documents, property and personnel
- Authority to discuss initiatives, policies and procedures regarding risk assessment, internal controls, compliance, financial reporting and governance processes with management and other corporate governance participants

Fiscal Control and Internal Auditing Act

FCIAA Requirements

- A two-year plan, identifying audits scheduled for the pending fiscal year, approved by the Executive Director before the beginning of the fiscal year.
- Every 5 years—complete a quality assurance review accepted by SIAAB
- Frequently complete an internal quality assurance review
- Continuing Professional Education (CPE)

Fiscal Control and Internal Auditing Act

Requirements

- System Pre-implementation—Reviews of the design of major new electronic data processing systems and major modifications of those systems before their installation to ensure the systems provide for adequate audit trails and accountability
- Special audits of operations, procedures, programs, electronic data processing systems and activities as directed by the chief executive officer or by the governing board
- Certification letter—By May 1 of each year, the Executive Director shall prepare and transmit to the Auditor General a certification that the systems of internal fiscal and administrative controls of the State agency fully comply (or not comply) with the requirements of this Act

Cycle Audit Schedule

Title	Completed	Current
Agency Organization and Management	2015	-
Purchasing, Contracting and Leasing	2015	-
Expenditure Control	2015	-
Personnel and Payroll	2015	-
Petty Cash (if disbursements exceed \$5k)	2015	-
Administrative Support Services	-	2016
Budget, Accounting and Reporting	-	2016
Property, Equipment and Inventory	-	2016
Grant Administration	-	2016
Revenues and Receivables	-	2016
Electronic Data Processing	-	2016



Internal Audit Activity

Cycle Audit	2015 Audit Findings
Agency Organization and Management	2
Purchasing, Contracting and Leasing	1
Expenditure Control	0
Personnel and Payroll	5
Petty Cash (if disbursements exceed \$5k)	-

Additional 2015 IA Audits

IA Audit	Findings

Internal Audit Activity

2015

- Annual certification letter
- Risk-based reviews
- External audit coordination
- Cycle audits
- Construction site visits
- Payment Card Industry Audit coordination
- Pre-Implementation Review of critical system

2015 Internal Audit Activity

- All audit observations and recommendations are being appropriately addressed by management and have either been implemented or are scheduled for implementation.
- Internal Audit is organizationally independent and no restrictions have been placed on Internal Audit work.

2015 External Audit Activity

- External auditors are on site performing fieldwork
- The review includes the financial statement, compliance and Information Systems audit
- Internal Audit is the lead department coordinating the External Audit with Finance and Information Systems
- External Audit report is tentatively scheduled for release by June 30, 2016

Internal Audit Department Resources

Cassandra Rouse

Vacant

Vacant

Shaun Farmer

Chad Hayden

Michael Pustelnik

Aldrenza Wright

Art Lemke

Chief Internal Auditor

Secretary

Senior Construction Audit Manager

Audit Manager

Internal Auditor

Internal Auditor

Internal Auditor

Information Systems Auditor