

INTERNAL AUDIT UPDATE

Chief Internal Auditor Shaun Farmer
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INTERNAL AUDIT PURPOSE, AUTHORITY AND RESPONSIBILITY

Purpose

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 2020 - copy provided)

Responsibility

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

Evaluate the 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



INTERNAL AUDIT ACTIVITY

2020

- Two-year audit plan
- Annual certification letter
- Cycle audits
- September 30 report to the Executive Director
- Construction auditing
- External Audit coordination
- Payment Card Industry (PCI) audit coordination
- Participation in ERM and SOX programs
- Audit finding remediation support

| 2020 AUDIT RESULTS | |
|---|---------------|
| TITLE OF AUDIT | # OF FINDINGS |
| Administrative Support Services Cycle | 3 |
| Budgeting, Accounting and Reporting Cycle | 2 |
| Revenues and Receivables Cycle | 2 |
| Electronic Data Processing Cycle | 2 |
| Property, Equipment and Inventory Cycle | 3 |
| Construction Activities Review | 5 |
| Cloud and Cyber Security Audit | 1 |
| Remote Hiring Process Review | 0 |
| Ethics Training Review | 0 |
| Petty Cash (if disbursements >\$5,000) | N/A |
| Grants (if the Tollway receives Federal grants) | N/A |

2021 CYCLE AUDITS AND OTHER ACTIVITIES

2021 Cycle Audits

- Personnel and payroll cycle
- Purchasing and procurement cycle
- Agency organization and management cycle
- Expenditures cycle
- Grant administration (if tollway receives any grants)
- Petty cash (if disbursements exceed \$5,000)

Other Key Audit Activities

- Risk-based reviews
- Reviews of external parties
- Special projects, management requests and consulting engagements
- Systems reviews
- Finding remediation and resolution
- Inspector General assistance and investigations
- Training and education

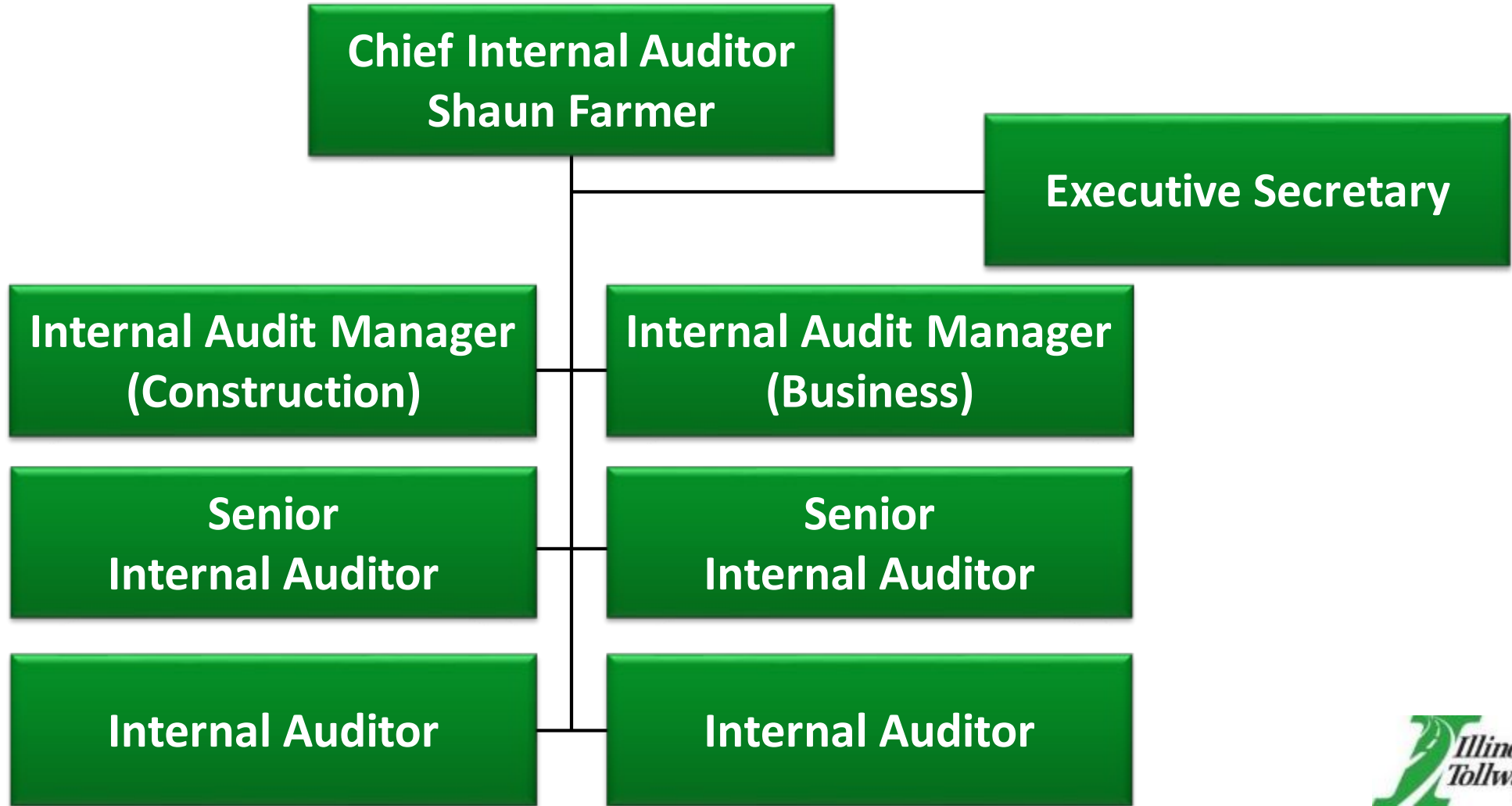
GOVERNANCE AND MANAGEMENT OF FINDINGS

- Audit observations and recommendations are addressed by management
- Responses and estimated implementation dates provided
- Internal Audit follows up on finding status monthly and annually for certification letter
- More frequent interaction and reporting is driven by automated audit software
- Monthly touch base meetings with each department
- Monthly reports and meetings with Executive Director
- Coordinated efforts with the Chief Strategy and Implementation Officer
- Monthly meetings and additional communications with the Chairman and the 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

 Filled position



CMS MASTER CONTRACT

Auditing Services

Strategy

- SOX internal control and compliance assessment
 - Gap analysis
 - Recommendations
- SOX Program implementation and testing
- SOX IT General Controls (ITGC's)
- ERP system controls evaluation
- ERM continued program support

Information Technology

- Annual IT risk assessment focusing on:
 - Security
 - Availability
 - Privacy
- Comprehensive cybersecurity risk assessment
- PCI DSS compliance and readiness review

Internal Audit

- Construction audit activities
- Agile audit implementation
 - Methodology and tools
 - Peer review assessment/readiness
- Accounting standards and regulations
- Business unit support for emerging operational risks

THANK YOU

