



## Record of Meeting | April 17, 2025

The Illinois State Toll Highway Authority (“Tollway”) held the regularly scheduled Finance & Audit Committee meeting on Thursday, April 17, 2025, 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 8:49 a.m. He then asked the Board Secretary to call the roll, those Directors present and absent being as follows:

Committee Members Present:	Other Directors in Attendance:
Committee Chair Gary Perinar	Director Melissa Neddermeyer
Director James Connolly	Director James Sweeney
Director Jacqueline Gomez	Director Mark Wright
Director Karen McConnaughay	Chairman Arnaldo Rivera
Director Scott Paddock	

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 20, 2025. 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

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

Upon conclusion of the Internal Audit update, Executive Director Rouse asked Mr. Farmer to provide an update on the Enterprise Risk Management program. [See attached presentation.](#)

### Items for Consideration

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#### Finance

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

*Item 1: Renewal of Contract 18-0097 with CorVel Enterprise Comp, Inc. for the purchase of Workers' Compensation Claim Administration Services in an amount not to exceed \$135,000.00 (Tollway Request for Proposal).*

Upon conclusion of the item presentation and discussion, 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

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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 9:07 a.m.

*Christi Regnery*

Minutes taken by: \_\_\_\_\_

Christi Regnery  
Board Secretary  
Illinois State Toll Highway Authority



# ENTERPRISE RISK MANAGEMENT PROGRAM UPDATE

Shaun Farmer, *Chief Internal Auditor*  
April 17, 2025



# WHAT IS ENTERPRISE RISK MANAGEMENT?



A comprehensive approach to **identifying, assessing, prioritizing, and managing risks** across a company



**Considers risks from various perspectives**, including strategic, financial, operational, compliance, and reputational risks

## PRIMARY GOAL:

Enable organizations to **effectively anticipate, evaluate, and mitigate risks** while maximizing opportunities to **achieve their objectives, increase competitive advantage and enhance value creation**

***“Enterprise risk management is not a function or department. It is the culture, capabilities, and practices that organizations integrate with strategy-setting and apply when they carry out that strategy, with a purpose of managing risk in creating, preserving, and realizing value.” – COSO<sup>1</sup>***



# ENTERPRISE RISK MANAGEMENT PROCESS OVERVIEW



# ENTERPRISE RISK MANAGEMENT PROGRAM GOVERNANCE

## *Roles and Responsibilities*



### **Risk Action Owner**

- Develop and implement mitigation action plans to address identified risks
- Track the effectiveness of mitigation strategies and report progress to the Risk Accountability Owner
- Allocate necessary resources (time, budget, personnel) for effective risk management
- Ensure alignment and awareness among stakeholders through open communication



### **Risk Accountability Owner**

- Ensure risk management activities align with strategic objectives
- Assess the effectiveness of Risk Action Owners and mitigation strategies
- Prepare and present detailed risk reports to executive stakeholders
- Update risk management policies and procedures to maintain relevance and effectiveness

# ENTERPRISE RISK MANAGEMENT PROGRAM GOVERNANCE

## *Roles and Responsibilities*



### **Executive Risk Stakeholder**

- Embed risk management into strategic planning and decision-making processes
- Secure and allocate resources for risk management initiatives
- Foster a proactive, risk-aware culture within the organization
- Act as the primary contact between the risk management team and the board, ensuring the board is informed of significant risks and mitigation efforts



### **Board of Directors**

- Provide overall governance and oversight of the risk management framework
- Define and approve the organization's risk appetite and tolerance levels
- Regularly review risk reports and challenge effectiveness of risk management strategies
- Hold executive management accountable for effective risk management practices and achieving objectives



# RECENT ERM PROGRAM ACTIVITIES

## SEPTEMBER 2024

### **Steering Committee Meeting**

*Members debriefed on program activities and discussed opportunities to advance ERM for the agency*

## JANUARY 2025

*Facilitated interactive risk identification sessions with agency personnel to gain insight into current and emerging risks for the agency*

## FEBRUARY 2025

### **Steering Committee Meeting**

*Members conducted collaborative risk assessment session to assess identified risks and ensure proper prioritization based on risk significance and needed response*

## NEXT STEPS

- Quarterly ERM Steering Committee to be held during June, August and November 2025
- Risk owners to be identified and risk response plans to be developed/finalized
- Establish enhanced risk reporting capabilities through KRIs/KPIs to help monitor key risks



THANK YOU







# INTERNAL AUDIT UPDATE

Shaun Farmer, *Chief Internal Auditor*  
April 17, 2025

# AGENDA

- Internal Audit: Purpose, Authority and Responsibility
- Internal Audit Charter
- 2024 Internal Audit Activity
- 2025 Planned Audit Activities
- Governance and Management of Findings
- Department Organization

# INTERNAL AUDIT



**PURPOSE**



**AUTHORITY**



**RESPONSIBILITY**

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



# INTERNAL AUDIT



**PURPOSE**



**AUTHORITY**



**RESPONSIBILITY**

## **Internal Audit performs audit activities in conformance with:**

- The Fiscal Control and Internal Auditing Act (FCIAA) and 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



# INTERNAL AUDIT



**PURPOSE**



**AUTHORITY**



**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

***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, control processes, decision-making, oversight, reputation, and public interest services.

#### Values and Core Principles

Internal Audit's and the Finance & Audit Committee's values and core principles include the following:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the organization;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused; and
- Promotes organizational improvement

# 2024 INTERNAL AUDIT ACTIVITY

## Completed Activities

- ✓ Two-year Audit Plan
- ✓ Annual Certification Letter
- ✓ Cycle audits (5)
- ✓ September 30 Report
- ✓ Operational and compliance audits
- ✓ Support key Tollway initiatives
- ✓ Oversight of Payment Card Industry review
- ✓ Completed Tollway Peer Review and assisted another agency with Peer Review
- ✓ Audit finding remediation
- ✓ Continued efforts on Prevailing Wage compliance
- ✓ Conversion to updated IIA standards



# 2024 INTERNAL AUDIT ACTIVITY

2024 AUDITS	# OF FINDINGS*
Property, Equipment and Inventories Cycle	4
Budgeting, Accounting and Reporting Cycle	3
Revenues and Receivables Cycle	0
Tollway Asset and Inventory - Agile Audit	2
Electronic Data Processing Cycle	2
System Development Life Cycle Audit	0
Administrative Support Services	2
Engineering Procurement Contracting Process Audit	3
Ethics Compliance Audit	1
Petty Cash (if disbursements >\$5,000)	n/a
Grants (if the Tollway receives federal grants)	n/a

*\*Includes total number of material and immaterial findings noted during the review*



# 2025 PLANNED AUDIT ACTIVITIES

## 2025 Cycle Audits

- Personnel and payroll
- Purchasing, contracting and leasing
- Organization and management
- Expenditure control
- 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
- Continued Prevailing Wage compliance efforts
- 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



Internal Audit follows up on finding status monthly and annually for Certification Letter and September 30 report



Responses and estimated implementation dates provided by Tollway management



Frequent interaction and reporting to support the business units

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



# GOVERNANCE AND MANAGEMENT OF FINDINGS



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 and Audit Committee Chair



Support from the Board of Directors, Finance and Audit Committee 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



## Vacancies

- Deputy Chief of Internal Audit
- Internal Auditor Manager  
(Construction) – currently posting
- Internal Audit Supervisor
- Two Strategy Analysts



THANK YOU

