



INTERNAL AUDIT UPDATE

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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

