



INTERNAL AUDIT UPDATE

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AGENDA

The background of the slide is a photograph of a two-lane road stretching into the distance. A white truck with a red tarp covering its cargo is driving away on the right side of the road. The road is flanked by green grass and trees under a clear blue sky.

Internal Audit: Purpose, Authority and Responsibility

Internal Audit Charter

2025 Internal Audit Activity

2026 Planned Audit Activities

Governance and Management of Findings

Department Organization

INTERNAL AUDIT

Purpose

Provide ongoing, objective and independent review of:

- Internal controls
- Independent appraisals
- Audits
- Analysis
- Counsel related to the business risk assessment

Authority

Perform activities in conformance with:

- 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
- 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

Accountability, Authority and Access

So that IA can fulfill its responsibilities with independence and objectivity in the planning, performance, and reporting of IA activities, the Chief Internal Auditor (CIA) will report administratively to the Tollway's Executive Director and functionally to the Finance & Audit Committee Chair of the Board of Directors (Audit Committee). The Chief Internal Auditor shall have free and unrestricted access to the Chair and members of the Finance &

2025 INTERNAL AUDIT ACTIVITY



Completed Activities

- ✓ Two-year Audit Plan
- ✓ Annual Certification Letter
- ✓ Cycle audits (4)
- ✓ September 30th Report
- ✓ Operational and compliance audits
- ✓ Support key Tollway initiatives
- ✓ Enhanced reporting and communication efforts
- ✓ Liaise and support multiple Tollway external reviews
- ✓ Assisted other state agencies with IIA compliance and best practices
- ✓ Audit finding remediation
- ✓ Continued efforts on Prevailing Wage compliance
- ✓ Enhanced internal policies and procedures
- ✓ Represented Tollway at multiple industry events

2025 INTERNAL AUDIT ACTIVITY

2025 AUDITS	FINDINGS*
Expenditure Control Cycle	5
Data Privacy and Protection Review	5
Environmental Sustainability Assessment	4
Organization and Management Cycle	4
Personnel and Payroll Cycle	3
Prevailing Wage Contractor Compliance Audit	1
Purchasing, Contracting and Leasing Cycle	1
Ethics Audit	1
System Development Lifecycle Audit	1
Data Center Relocation Review (still in-progress)	N/A
Petty Cash (if disbursements >\$5,000)	N/A
Grants (if the Tollway receives federal grants)	N/A

Internal Audit maintains active coordination with other assurance providers and there have been no issues achieving coordination with those parties

**Includes total number of material and immaterial findings, as well as opportunities for improvement noted during the review*

2026 PLANNED AUDIT ACTIVITIES

*****Internal Audit is not materially limited in its ability to carry out its mandate due to a lack of management support or due to insufficient or ineffective technology**

2026 Cycle Audits

- Revenues and Receivables
- Property, Equipment, and Inventories
- Budgeting, Accounting, and Reporting
- Electronic Data Processing
- Administrative Support Services
- 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

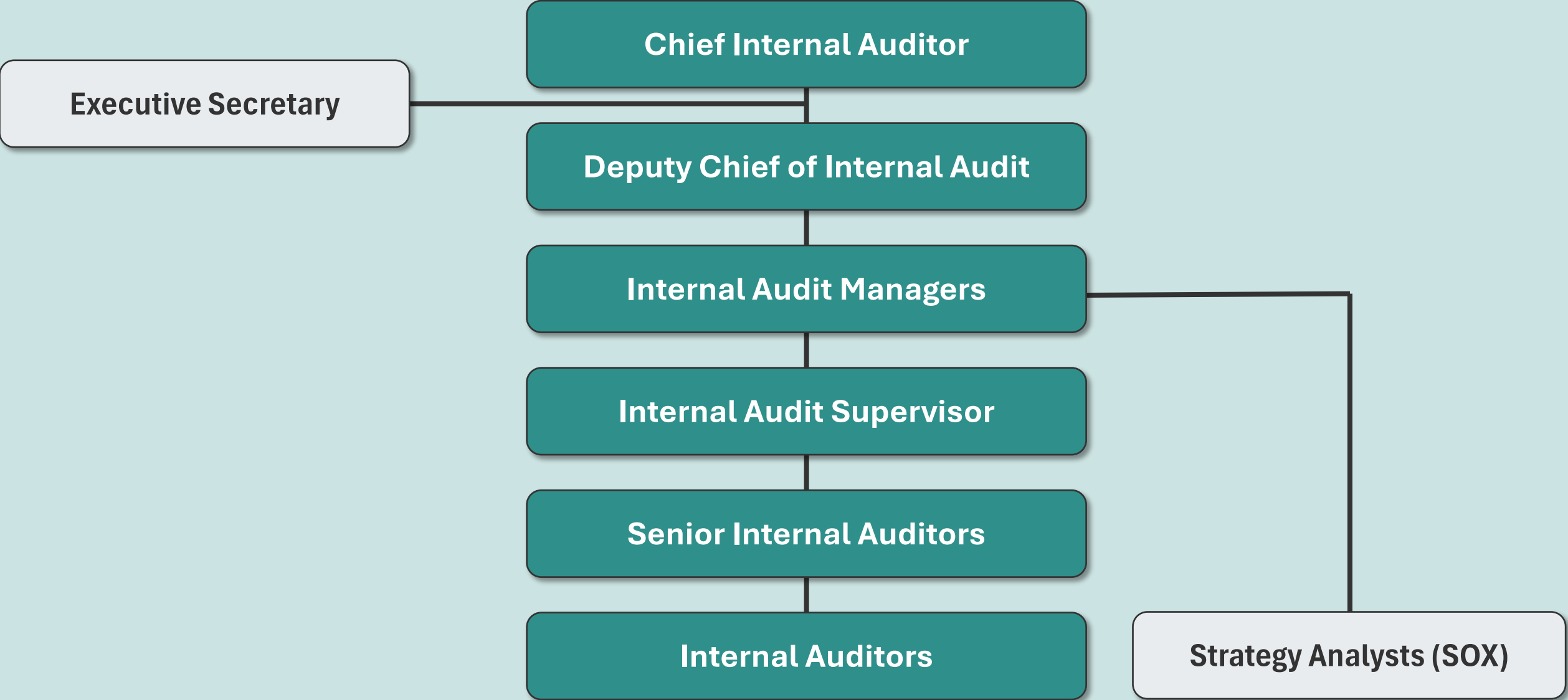
GOVERNANCE AND MAINTENANCE OF FINDINGS



- ✓ Audit observations and recommendations addressed by management
- ✓ Internal Audit follows up on finding status monthly and annually for the Certification Letter and September 30 Report
- ✓ Responses and estimated implementation dates provided by Tollway management
- ✓ Frequent interaction and reporting to support the business units
- ✓ Monthly meetings 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





THANK YOU