

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

MINUTES OF THE AUDIT COMMITTEE

January 28, 2010

The Illinois State Toll Highway Authority-Audit Committee met on Thursday, January 28, 2010 at approximately 9:30 a.m. in the Board Room of The Illinois State Toll Highway Authority's Administration Building in Downers Grove, Illinois.

The Meeting was held pursuant to By-Laws of the Authority upon call and notice of the Meeting executed by Chair Paula Wolff, which notice reads in words and figures as follows:

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
Administration Building
2700 Ogden Avenue
Downers Grove, Illinois 60515

Governor Pat Quinn

Director George Pradel

Acting Secretary Gary Hannig

Director Jim Roof

Director Jim Banks

Director Maria Saldaña

Director Tom Weisner

Director Carl Towns

Director Bill Morris

Pursuant to the requirements of the Authority's By-Laws, Notice is hereby given of the Audit Committee of the Authority to be held on **Thursday, January 28, 2010 at 9:30 a.m.** in the Boardroom of the Administration Building in Downers Grove, Illinois.

Paula Wolff, Chair

This meeting will be accessible to individuals with disabilities in compliance with Executive Order #5, and pertinent state and federal laws, upon notification of anticipated attendance. Persons with disabilities planning to attend and needing accommodations should contact the Americans with Disabilities Act Coordinator of The Illinois State Toll Highway Authority at (630) 241-6800, Ext. 1010 in advance of the meeting at 2700 Ogden Avenue, Downers Grove, IL, to inform of their anticipated attendance.

There will be live feed Webcasting of the Board Meeting while in session. An

audio file will be available five business days after the meeting at www.illinoistollway.com.

Chair Wolff called the meeting to order and called for a motion to approve the Minutes of the Audit Committee Meeting held on November 19, 2009. The motion was made and seconded and approved unanimously. Chair Wolff then called for 3 presentations: Debt Management Guidelines; the 2009 Audit Cycle Report; and the 2-year Audit Plan.

Chief of Finance, Mike Colsch, introduced Bill O'Connell, Capital Budget Specialist, for the presentation of the Debt Management Guidelines (a copy of these guidelines is attached). A summary of the Debt Management Guidelines was distributed. The purpose of these debt management guidelines is to document a framework for debt issuances and to also document the Tollway's commitment to sound financial practices. Prior to these guidelines, the Tollway had interest rate risk management guidelines and other debt management practices in the annual budget document. The present Debt Management Guidelines is a result of a review of all practices and a desire to bring them together into one cohesive set of guidelines.

Director Morris suggested that the Audit Committee review the guidelines annually and keep the Board informed of significant changes.

Chair Wolff suggested that the Audit Committee report to the full Board annually about the review and any recommended changes.

Director Roolf moved for acceptance and approval, seconded by Director Morris. The motion was approved unanimously.

Chair Wolff then called on Jim Wagner, General Manager of Investigations & Audit, to present on the Audit Cycle Report (a copy of their report is attached to these minutes).

Jim Wagner provided a summary of findings and immaterial findings for the 2009 Internal Audit.

Chair Wolff stated that one of the findings regarding the possibility of a conflict of interest in the 2008 audit was not repeated in the 2009 audit.

Paul Kovacs confirmed that adjustments were made to policies and procedures to address the matter and were resolved.

Chair Wolff stated that a finding regarding hiring and personnel, that had not reached a material level, was being worked on by Joe Fivelson, new acting Chief of Administration. He is working to make sure the compliance unit is reducing risk in this area.

Jim Wagner presented the FY 2010-2011 Audit Plan (a copy of that plan is attached to these minutes). The Audit Plan is flexible and will accommodate changes to address Tollway needs for investigations. Additional personnel are needed to meet the goals of the 2010 Audit Plan. The budget will permit additional hiring. Implementation of the 2011 Audit Plan is dependent on the final outcomes of the 2010 audit year. There are hours available in the plan to add some unscheduled audits should that be necessary.

Discussion was held regarding Investigations & Audit's reporting structure. Investigators report to the General Manager of Investigations & Audit. The General Manager reports to the Executive Director and the Board. Chair Wolff stated that regular reports to the Board are required of the Audit and Investigation department.

Meeting adjourned at approximately 10:00 a.m.

Minutes taken by: _____
Marlene Y. Rodriguez-Vick