

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE AUDIT
COMMITTEE MEETING**

December 12, 2013

The Illinois State Toll Highway Authority held the Audit Committee Meeting on Wednesday, December 12, 2013 at approximately 10:30 a.m. at the Central Administration Building in Downers Grove, Illinois.

Committee Members Present:

Committee Chair David Gonzalez
Director Tom Weisner

Not Present:

Chair Paula Wolff

Committee Chair Gonzalez called the meeting to order and opened the floor for public comment. There was no public comment.

Committee Chair Gonzalez then called for a motion to approve the minutes of the Audit Committee Meeting held on August 26, 2013. Director Weisner made the motion to approve the minutes; seconded by Committee Chair Gonzalez. The motion passed unanimously.

Committee Chair Gonzalez then introduced Cassandra Rouse, Chief Internal Auditor, to present the Internal Audit Plan as shown in the [attached presentation](#).

Highlights of the presentation included a review of the internal audit background and requirements; the current state of Internal Audit resources; and the 2014/2015 Internal Audit Plan.

Executive Director Kristi Lafleur noted the Internal Audit department has reviewed all department processes to ensure efficiency and adherence to the internal audit controls in place as well as to take advantage of opportunities to streamline processes when possible.

Director Weisner asked about the responsibilities of the newly budgeted construction auditor position. Ms. Rouse responded that the responsibilities will include on-site visits to confirm day-to-day management activities, plus contract and vendor reviews.

Director Weisner asked how these tasks differ from other audit tasks. Executive Director Lafleur responded that this position requires an expertise beyond the usual internal audit tasks and will be dedicated primarily to construction. Due to the increased construction activity of the Move Illinois capital program, the responsibilities will ensure appropriate oversight and compliance with the construction regulations.

Director Gonzalez noted that the 2014/2015 Internal Audit Plan allocation of hours increased from approximately 8,900 to 11,000 hours and asked about the staffing plan. Ms. Rouse provided further details of the effect of the plan based on the number of positions filled.

Discussion ensued on the implementation of the internal audit plan given different staffing levels. Executive Director Lafleur noted one position has been posted and welcomed recommendations of appropriate organizations to contact to recruit future internal audit positions.

Executive Director Lafleur thanked Cassaundra Rouse and her staff on the excellent work of the department.

Director Weisner requested a motion to approve the 2014/2015 Internal Audit Plan. Motion to approve was made by Committee Chair Gonzalez; seconded by Director Weisner. The motion was approved unanimously.

There being no further business, Committee Chair Gonzalez requested a motion to adjourn. Motion to adjourn was made by Director Weisner; seconded by Committee Chair Gonzalez. The motion was approved unanimously.

The meeting was adjourned at approximately 11:00 a.m.



Minutes taken by: _____

Marlene Vick
Assistant Board Secretary
Illinois State Toll Highway Authority



Internal Audit Update

December 12, 2013

Agenda

- **Internal Audit background**
- **Current state of Internal Audit resources**
- **2014-2015 Internal Audit Plan**

Internal Audit Background

Internal Audit performs its activities in conformance with:

- The Fiscal Control and Internal Auditing Act (FCIAA)
- International Standards for the Professional Practice of Internal Auditing (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 Resources

Internal Audit team resources include:

- Chief Internal Auditor
- Internal Audit Manager (vacant)
- Internal Auditors (three)
- Information Systems Auditor
- Construction Auditor (new position budgeted for 2014)

2014-2015 Internal Audit Plan

Internal Audit conducted a business risk assessment to develop the annual Internal Audit Plan

The risk assessment included the following major components:

- Input from executives and management
- Consideration of the current operating environment and management control structure
- Evaluation of issues identified during prior audits

2014-2015 Internal Audit Plan

IA met with key management staff to obtain input on areas of concern or risk

Executives and managers provided input that included:

- Validation of the most significant processes, activities and functions within operational areas
- Identification of risk factors that have the highest potential to prevent achievement of objectives
- Assessment of the effectiveness of the management control structure to mitigate identified risks

2014-2015 Internal Audit Plan

- Assessment of the effectiveness of services supporting operational areas, including functions such as human resources, information technology, procurement and finance
- Evaluation of the risk of fraud and awareness of fraud referral requirements and processes
- IA reviewed FCIAA requirements to determine which mandatory cycle audits will be required in each of the two fiscal years

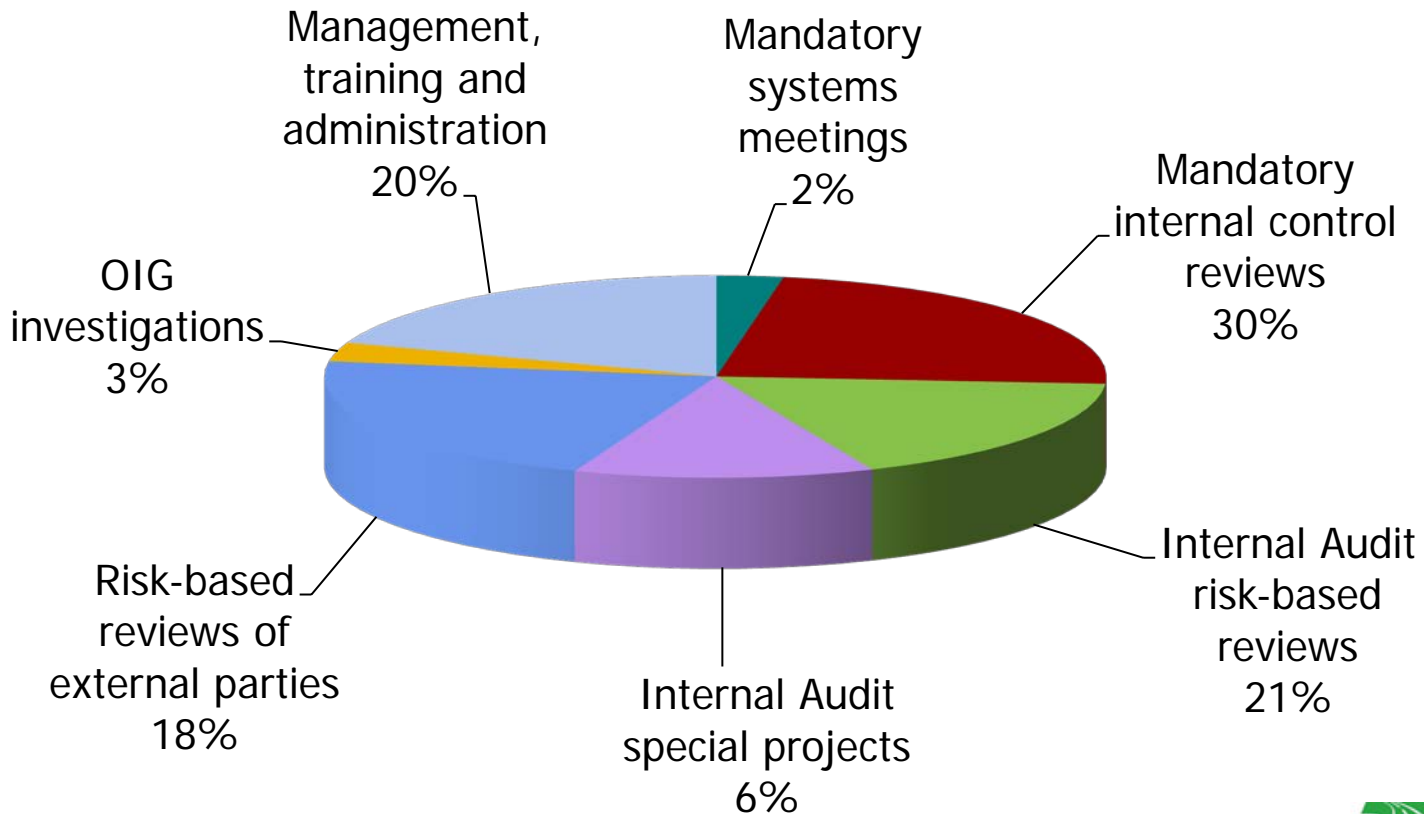
2014-2015 Internal Audit Plan

Internal Audit Resource Availability and Allocation – 2014 Plan

Allocation of Available Hours		
Mandatory systems meetings	272	2 percent
Mandatory internal control reviews	3,270	30 percent
Internal Audit risk based reviews	2,295	21 percent
Internal Audit special projects	669	6 percent
Risk based reviews of external parties	2,043	18 percent
OIG investigations	300	3 percent
Management, training and administration	2,204	20 percent
Total Hours 2014	11,053	100 percent

2014-2015 Internal Audit Plan

FY 2014 Audit Plan Allocation



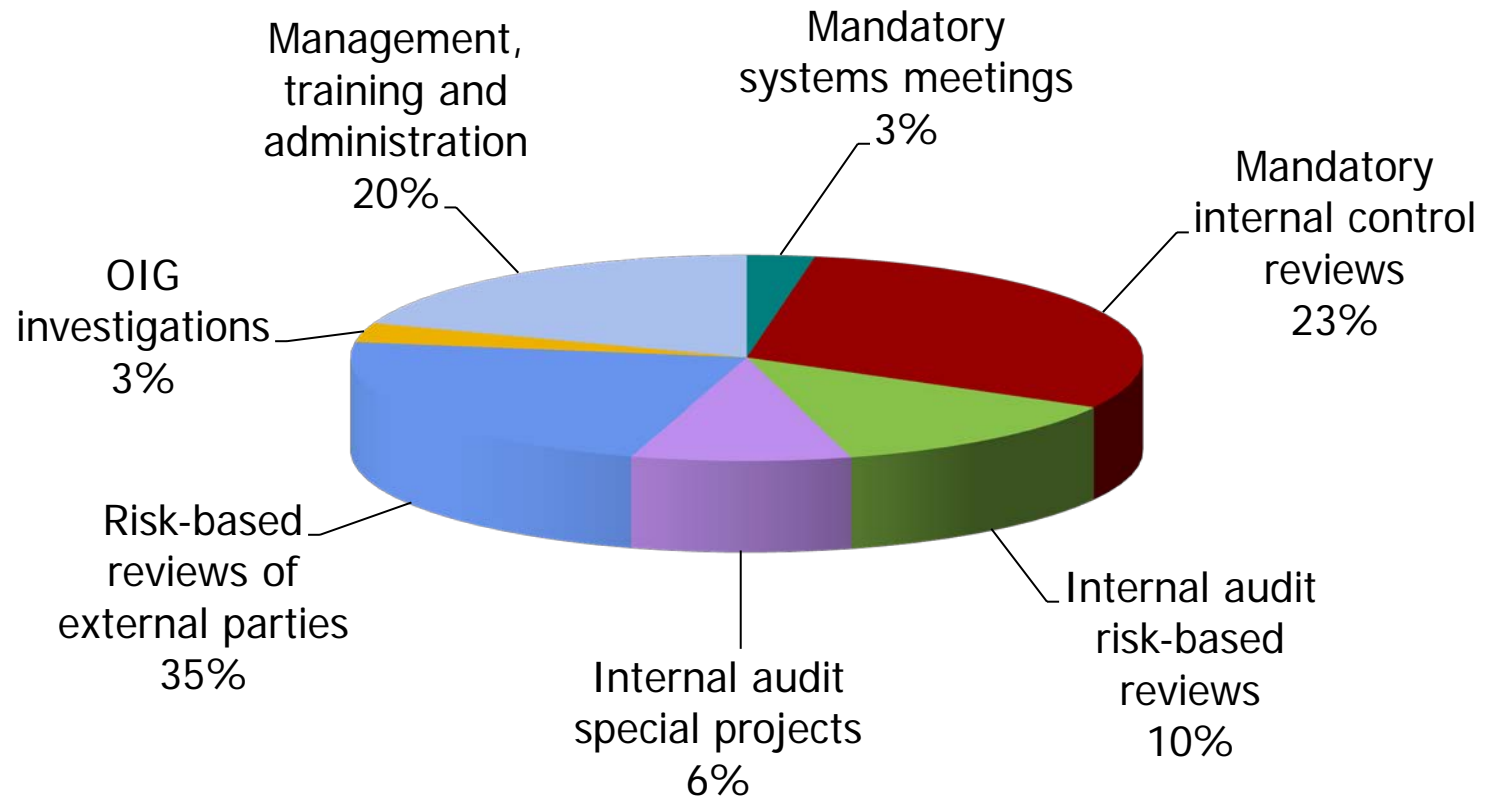
2014-2015 Internal Audit Plan

Internal Audit Resource Availability and Allocation – 2015 Plan

Allocation of Available Hours		
Mandatory systems meetings	328	3 percent
Mandatory internal control reviews	2,610	23 percent
Internal Audit risk-based reviews	1,155	10 percent
Internal Audit special projects	656	6 percent
Risk-based reviews of external parties	3,840	35 percent
OIG investigations	300	3 percent
Management, training and administration	2,213	20 percent
Total Hours 2015	11,102	100 percent

2014-2015 Internal Audit Plan

FY 2015 Audit Plan Allocation



Next Steps...

Audit Committee approval

- 2014-2015 Internal Audit Plan

THANK YOU

