



Internal Audit Department Update

December 7, 2016

Cassandra Rouse



Agenda

Audit Committee schedule

Internal Audit charter

Internal Audit resources

Risk assessment

Internal Audit Plan 2017 and 2018

Next steps – Approval

Audit Committee Schedule

December 2016

- Current state of Internal Audit resources
- Approval of two-year audit plan
- Governance issues/concerns

April 2017

- Summary of Internal Audit purpose, authority and responsibilities
- Audit performance relative to plan
- Internal Audit results from prior year, including risk exposure and/or control issues
- Governance issues/concerns



Internal Audit Charter

The Internal Audit Charter outlines:

- Purpose
- Accountability and authority
- Responsibilities
- Scope of work
- Independence
- Reporting process
- Periodic assessments

Risk Assessment

Audits are selected and prioritized using a risk-based approach

Risk assessment used to identify and prioritize audits based on

- Risk factors related to the quality of internal controls
- Estimated liability and level of exposure to the Tollway

Annual risk-based audit plan is a dynamic and continuous process



Risk Assessment

Internal Audit techniques to identify and prioritize audits in the annual plan include:

- Utilization of risk assessment criteria
- Analysis of operations and internal controls derived from previous internal audits, audit follow-up and outstanding recommendations
- Assessment of operations and controls derived from previous external audits
- Input from the Board of Directors, Audit Committee and operational management
- Benchmarking audit priorities of other governmental entities
- Consideration of current local events and public policy issues

Cycle Audit Schedule

Title	Scheduled Completion	
Agency Organization and Management	2017	-
Purchasing, Contracting and Leasing	2017	-
Expenditure Control	2017	-
Personnel and Payroll	2017	-
Petty Cash (if disbursements exceed \$5,000)	2017	2016
Grant Administration		2016
Administrative Support Services	-	2016
Budget, Accounting and Reporting	-	2016
Property, Equipment and Inventory	-	2016
Revenues and Receivables	-	2016
Electronic Data Processing	-	2016



Internal Audit Resources

Chief of Internal Audit

Internal Audit Manager

Internal Auditors (two staff auditors)

Vacancies – three unfilled positions

- **Construction Auditor**
- **Information Technology (IT) Auditor**
- **Internal Auditor**

Recommendation:

- **Internal Audit Co- Sourcing Services will provide resources to supplement existing staff to assure completion or to expand the coverage of the established internal audit plan.**

Action:

- **To help execute certain areas of the audit plan, issue an RFP for co-sourced Internal Audit services to supplement existing in-house Internal Audit functions to provide additional expert knowledge in the areas of IT, Audit and Construction.**

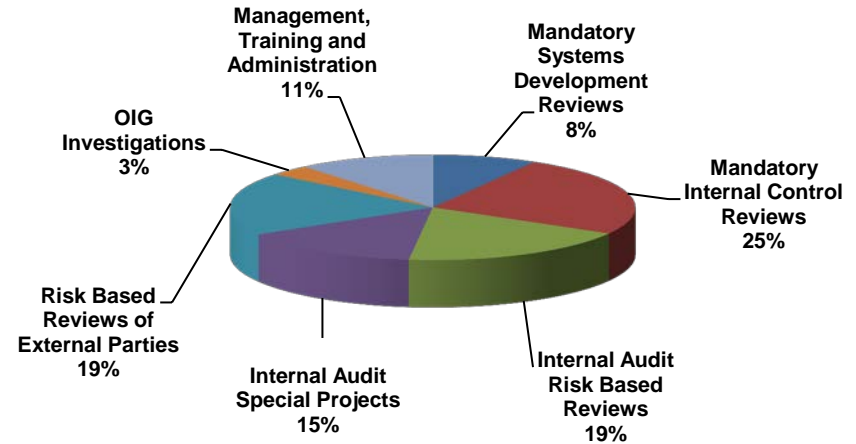


2017 Internal Audit Plan

Internal Audit Resource Availability – 2017

Allocation of available hours	
Mandatory internal control reviews	2,258
Risk-based reviews of external parties	1,754
Internal Audit risk-based reviews	1,690
Internal Audit special projects	1,320
Management, training and administration	992
Mandatory systems development reviews	760
Inspector General investigations	300
Total hours 2017	9,074

2017 Audit Plan Allocation

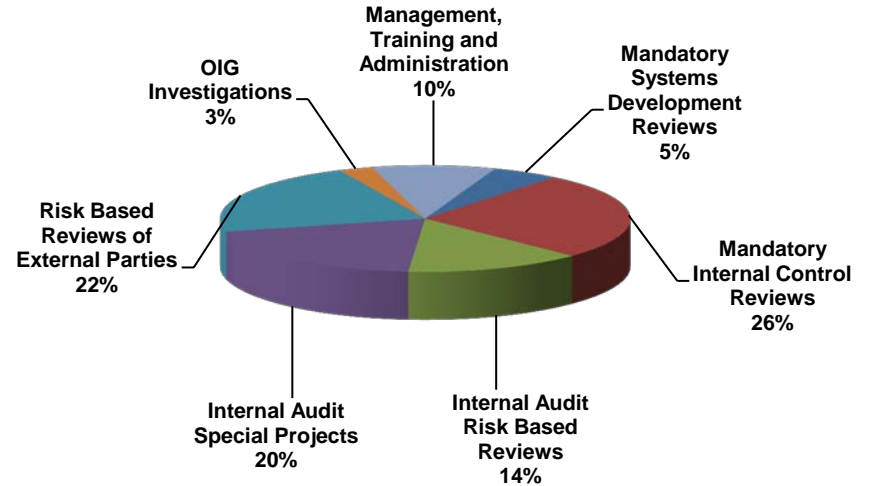


2018 Internal Audit Plan

Internal Audit Resource Availability and Allocation – 2018

Allocation of available hours	
Mandatory internal control reviews	2,988
Risk-based reviews of external parties	2,494
Internal Audit special projects	2,230
Internal Audit risk-based reviews	1,580
Management, training and administration	1,101
Mandatory systems development reviews	600
Inspector General investigations	300
Total hours 2018	11,293

2018 Audit Plan Allocation



Next Steps

Audit Committee approval

- 2017-2018 Internal Audit Plan



THANK YOU

