



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

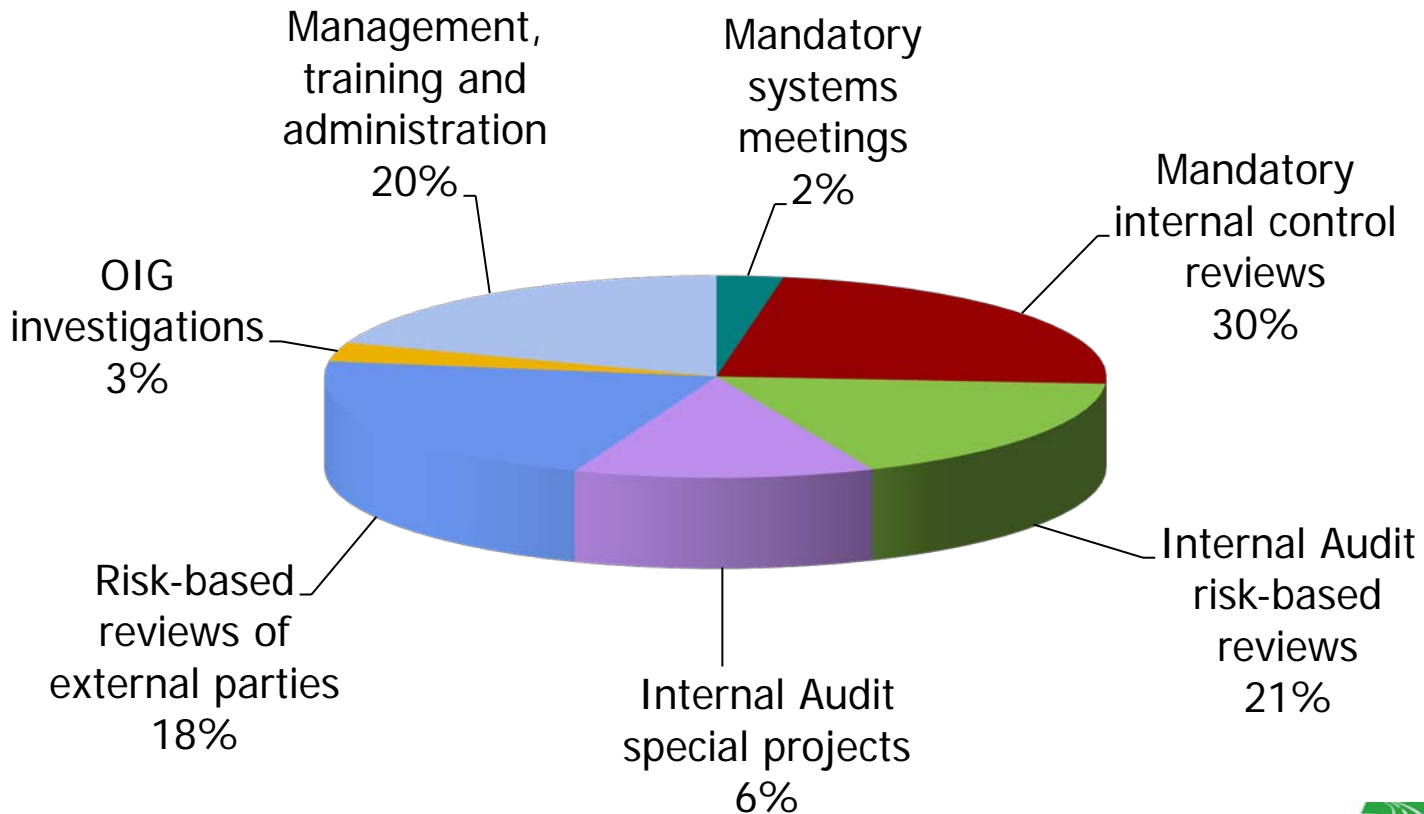
2014-2015 Internal Audit Plan

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



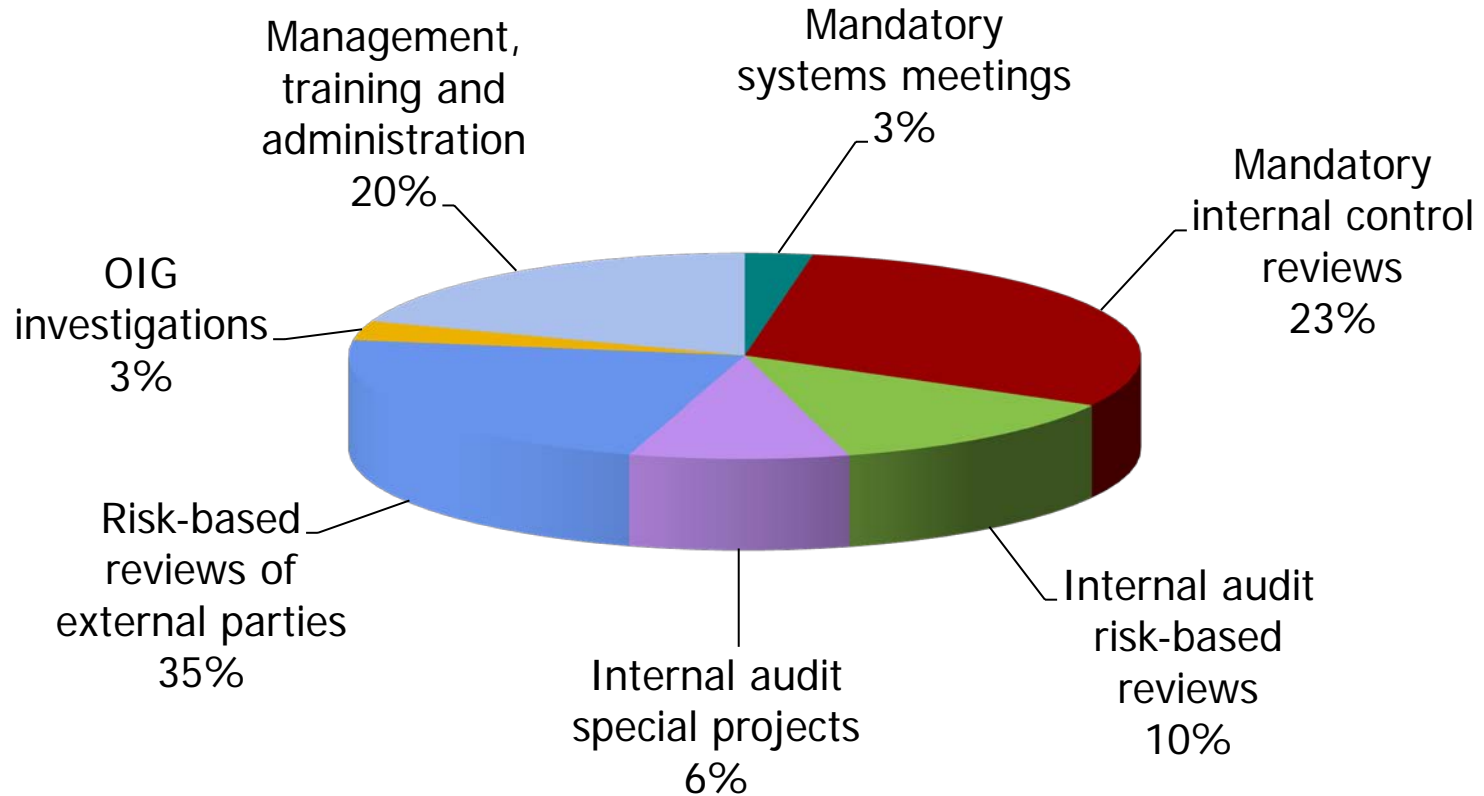
2014-2015 Internal Audit Plan

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

