* Organization chart is included annually with Internal Audit’s Annual September 30th Report to the Executive Director
Internal Audit Roles and Responsibilities

• Internal Audit is an independent, objective assurance and consulting activity, which is established to add value and improve the Tollway’s operations

• Internal Audit assists the Tollway in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes

• The role of Internal Audit is formally defined in the Internal Audit Charter (provided) and the audit activities are set out in the Annual Audit Plan

• Internal Audit confirms with the Board and Executive Director, at least annually, the organizational independence of the internal audit activity
Internal Audit Scope

• Internal Audit does not and cannot have any management responsibilities beyond the scope of auditing
• Internal Audit cannot install systems or procedures, prepare records, or engage in any other activity which would be audited or reviewed by Internal Audit
• At the beginning of each audit, team members participating in the engagement sign independence statements to confirm their objectivity
  • Any impairments by a team member would be disclosed and addressed accordingly, if necessary
Key Department Functions - Mission

Prevention
- Active promotion of internal control agenda
- Recommending preventive measures to the Tollway and advice in implementing changes
- Maintain objectivity while eliminating unnecessary organizational barriers

Solution
- Target process improvements as a key goal
- Focus on Assessing Risk and Management’s Mitigation of Risk
- Work toward implementation of cost-beneficial internal controls & compliance
- Teamwork approach while maintaining objectivity and independent perspective

Detection
- Focus on examination of past transactions
- Report past problems and recommend solutions
- Maintain rigid independence

Advisory
- Defining process improvement opportunities
- By-product of internal control assessments

Internal Control

Business Performance

Active

Passive

Presented by Shaun Farmer on August 15, 2019
Key Department Functions

Internal Audit performs audit 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) guidance
• Generally Accepted Government Auditing Standards (GAGAS)
• Internal Audit’s Charter
Key Department Functions

Fiscal Control Internal Auditing Act (FCIAA) requirements

- Two-year audit plan (provided)
- Cycle audits
- Vendor audits/special audits
- System pre-implementation reviews
- Annual agency certification letter to Auditor General due May 1
## Cycle Audit Schedule

<table>
<thead>
<tr>
<th>Title</th>
<th>Scheduled Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency Organization and Management</td>
<td>2019 -</td>
</tr>
<tr>
<td>Purchasing, Contracting and Leasing</td>
<td>2019 -</td>
</tr>
<tr>
<td>Expenditure Control</td>
<td>2019 -</td>
</tr>
<tr>
<td>Personnel and Payroll</td>
<td>2019 -</td>
</tr>
<tr>
<td>Petty Cash (if disbursements exceed $5,000)</td>
<td>2019-2020</td>
</tr>
<tr>
<td>Grant Administration</td>
<td>2020</td>
</tr>
<tr>
<td>Administrative Support Services</td>
<td>- 2020</td>
</tr>
<tr>
<td>Budget, Accounting and Reporting</td>
<td>- 2020</td>
</tr>
<tr>
<td>Property, Equipment and Inventory</td>
<td>- 2020</td>
</tr>
<tr>
<td>Revenues and Receivables</td>
<td>- 2020</td>
</tr>
<tr>
<td>Electronic Data Processing</td>
<td>- 2020</td>
</tr>
</tbody>
</table>
## Internal Audit resource availability – 2019

<table>
<thead>
<tr>
<th>Allocation of available hours</th>
<th>Hours</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory internal control reviews</td>
<td>2,448</td>
<td>39 percent</td>
</tr>
<tr>
<td>Management, training and administration</td>
<td>1,046</td>
<td>17 percent</td>
</tr>
<tr>
<td>Risk-based reviews of external parties</td>
<td>1,134</td>
<td>18 percent</td>
</tr>
<tr>
<td>Internal Audit risk-based reviews</td>
<td>960</td>
<td>15 percent</td>
</tr>
<tr>
<td>Internal Audit special projects</td>
<td>336</td>
<td>5 percent</td>
</tr>
<tr>
<td>Mandatory systems development reviews</td>
<td>200</td>
<td>3 percent</td>
</tr>
<tr>
<td>OIG investigations</td>
<td>160</td>
<td>3 percent</td>
</tr>
<tr>
<td><strong>Total hours 2019</strong></td>
<td>6,284</td>
<td>100 percent</td>
</tr>
</tbody>
</table>
2019 Audit Plan

FY 2019 Audit Staff Planned Allocations

- Mandatory Systems Development Reviews: 3%
- Mandatory Internal Control Reviews: 39%
- Internal Audit Risk Based Reviews: 15%
- Management, Training & Administration: 17%
- Risk Based Reviews of External Parties: 18%
- OIG Investigations: 3%
- Internal Audit Special Projects: 5%

Presented by Shaun Farmer on August 15, 2019
## 2020 Internal Audit Plan

### Internal Audit resource availability – 2020

<table>
<thead>
<tr>
<th>Allocation of available hours</th>
<th>Hours</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory internal control reviews</td>
<td>2,908</td>
<td>46 percent</td>
</tr>
<tr>
<td>Management, training and administration</td>
<td>866</td>
<td>14 percent</td>
</tr>
<tr>
<td>Risk-based reviews of external parties</td>
<td>730</td>
<td>12 percent</td>
</tr>
<tr>
<td>Internal Audit risk-based reviews</td>
<td>1,056</td>
<td>17 percent</td>
</tr>
<tr>
<td>Internal Audit special projects</td>
<td>336</td>
<td>5 percent</td>
</tr>
<tr>
<td>Mandatory systems development reviews</td>
<td>200</td>
<td>3 percent</td>
</tr>
<tr>
<td>OIG investigations</td>
<td>160</td>
<td>3 percent</td>
</tr>
<tr>
<td><strong>Total hours 2020</strong></td>
<td><strong>6,256</strong></td>
<td><strong>100 percent</strong></td>
</tr>
</tbody>
</table>
2020 Audit Plan

FY 2020 Audit Staff Planned Allocations

- Mandatory Systems Development Reviews: 3%
- Mandatory Internal Control Reviews: 46%
- Internal Audit Risk Based Reviews: 17%
- Internal Audit Special Projects: 5%
- Risk Based Reviews of External Parties: 12%
- Management, Training & Administration: 14%
- OIG Investigations: 3%
- Internal Audit Risk Based Reviews: 17%

Presented by Shaun Farmer on August 15, 2019
Audit Committee Agenda Items

April meetings
• Summary of Internal Audit’s purpose, authority, responsibilities and performance relative to audit plan
• Internal Audit activities results from prior year, including risk exposure and/or control issues
• Governance issues/concerns

August meetings (generally optional)
• Results of Annual External Audit
• Governance issues/concerns

October meetings (generally optional)
• Governance issues/concerns

December meetings
• Current State of Internal Audit resources
• Approval of Two-Year Audit Plan
• Governance issues/concerns

• Meetings with the Audit Committee are held at a minimum, twice per year with additional meetings being optional
• Results of the committee meetings are communicated to the full Board
Current Initiatives/Projects

Audit Activity

• Agency Organization and Management Cycle Audit – in progress
• Personnel and Payroll Cycle Audit – in progress
• Purchasing Cycle Audit – in progress
• Annual Internal Control Certification review – completed
• Follow-up audits on prior year(s) audit findings – completed
• 2018 Annual External Audit (Financial, Compliance, IT) – Clifton, Larson, Allen LLP – completed
• TeamMate + Internal Audit management software upgrade – completed
THANK YOU