Internal Audit Update

December 12, 2012

Agenda

- 2012 External Audit
- Internal Audit background
- Audit Committee tentative schedules
- 2013-2014 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 Background

Internal Audit activities include:

- Participation in data processing systems meetings
- FCIAA-mandated audits of business processes (cycle audits)
- Additional risk-based internal audits
- External vendor audits
- Consulting engagements
- Assistance to Office of the Inspector General

Internal Audit Background

Internal Audit team resources include:

- ■ Acting Chief Internal Auditor
- ■ Internal Audit Manager (open)
- ■ Three Internal Auditors
- ■ Information Systems Auditor

Audit Committee Tentative Schedules

- February meeting
    - Summary of Internal Audit purpose, authority, responsibilities and performance relative to plan
    - Internal Audit activities' results from prior year, including risk exposure and/or control issues
    - Governance issues/concerns
- August meeting
    - Results of external audit
    - Semi-annual Internal Audit activities' results
    - Governance issues/concerns

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Audit Committee Tentative Schedules

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

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2013-2014 Internal Audit Plan

Sources of input into Internal Audit Plan:

- FCIAA requirements

- SIAAB requirements

- IIA Standards

- Board and Executive Office

- Risk assessment process

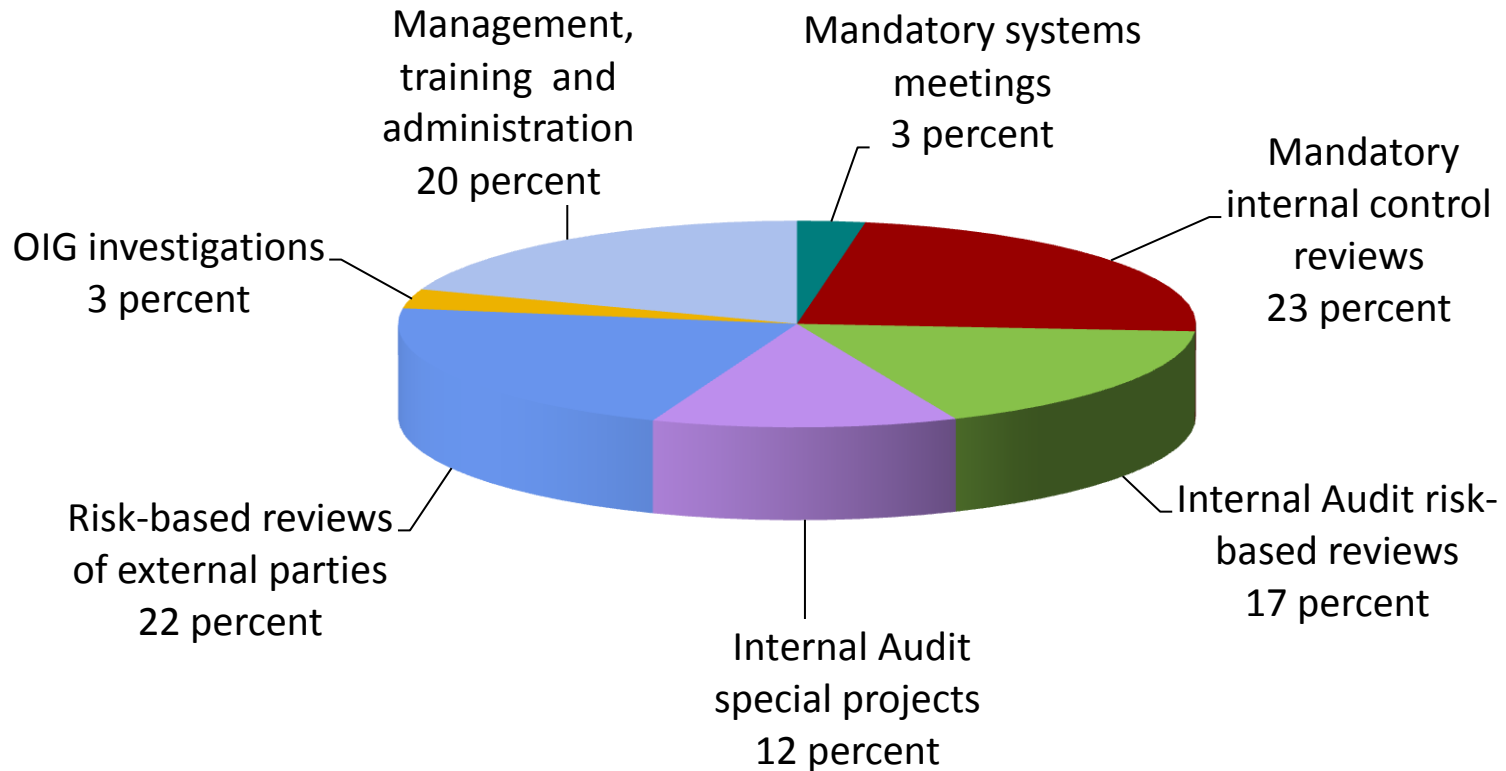- Internal Audit resource availability

2013-2014 Internal Audit Plan

Internal Audit Resource Availability and Allocation – 2013

Allocation of Available Hours		
Mandatory systems meetings	**273**	**3 percent**
Mandatory internal control reviews	**2,320**	**23 percent**
Internal Audit risk-based reviews	**1,720**	**17 percent**
Internal Audit special projects	**1,227**	**12 percent**
Risk-based reviews of external parties	**2,135**	**22 percent**
OIG investigations	**300**	**3 percent**
Management, training and administration	**1,941**	**20 percent**
Total Hours 2013	**9,916**	**100 percent**

2013-2014 Internal Audit Plan

FY 2013 Audit Plan Allocation

Management, training and administration
20 percent

Mandatory systems meetings
3 percent

OIG investigations
3 percent

Mandatory internal control reviews
23 percent

Risk-based reviews of external parties
22 percent

Internal Audit risk-based reviews
17 percent

Internal Audit special projects
12 percent

2013-2014 Internal Audit Plan

Internal Audit Resource Availability and Allocation – 2014

Allocation of Available Hours		
Mandatory systems meetings	**273**	**3 percent**
Mandatory internal control reviews	**2,990**	**30 percent**
Internal Audit risk-based reviews	**1,255**	**13 percent**
Internal Audit special projects	**883**	**9 percent**
Risk-based reviews of external parties	**2,240**	**23 percent**
OIG investigations	300	3 percent
Management, training and administration	**1,933**	**19 percent**
Total Hours 2014	**9,874**	**100 percent**

2013-2014 Internal Audit Plan

FY 2014 Audit Plan Allocation

Management, training and administration 19 percent

Mandatory systems meetings 3 percent

OIG investigations 3 percent

Mandatory internal control reviews 30 percent

Risk-based reviews of external parties 23 percent

Internal Audit risk-based reviews 13 percent

Internal Audit special projects 9 percent

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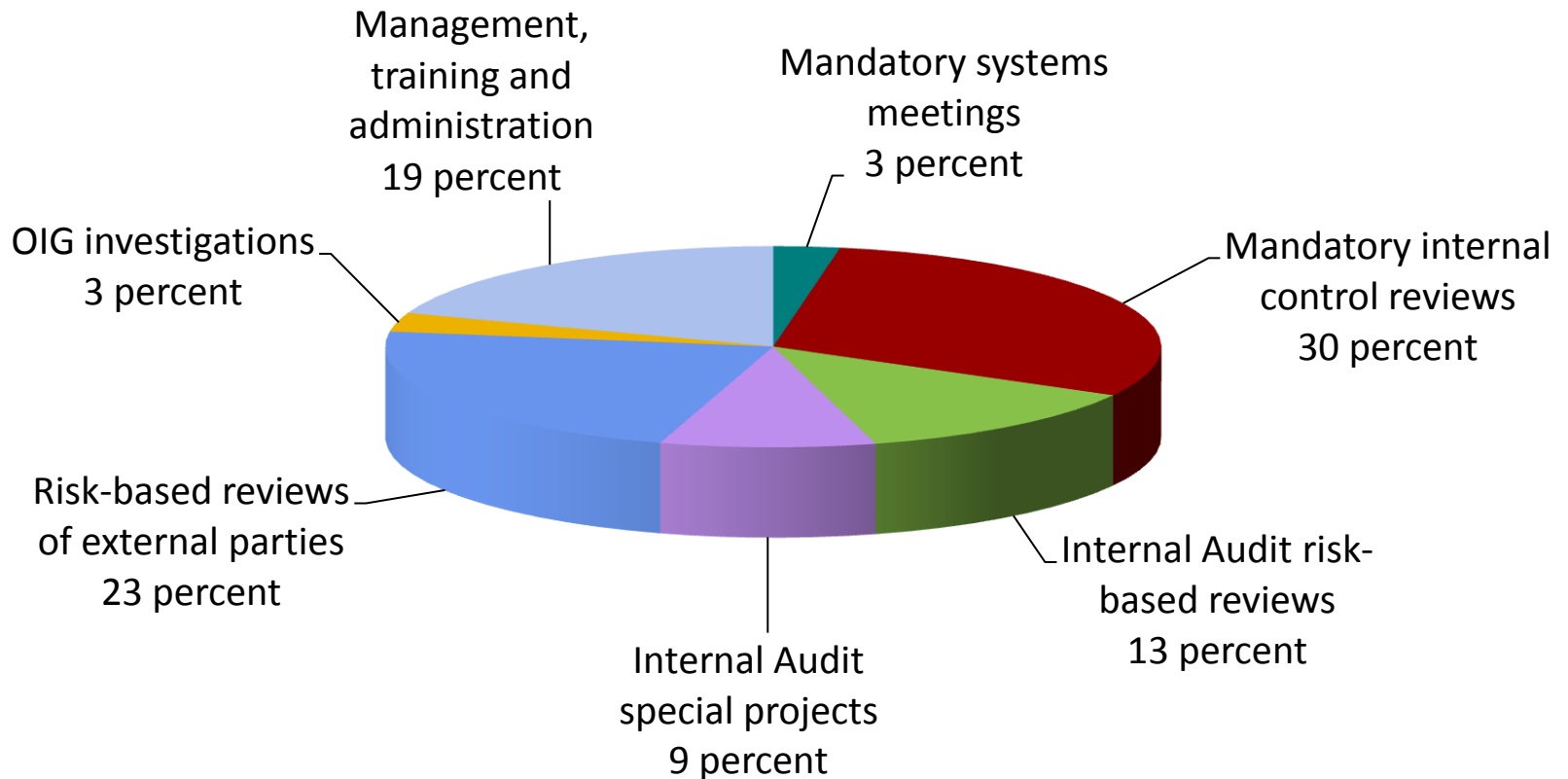
Next Steps...

Audit Committee approval of:
- 2013-2014 Internal Audit Plan