

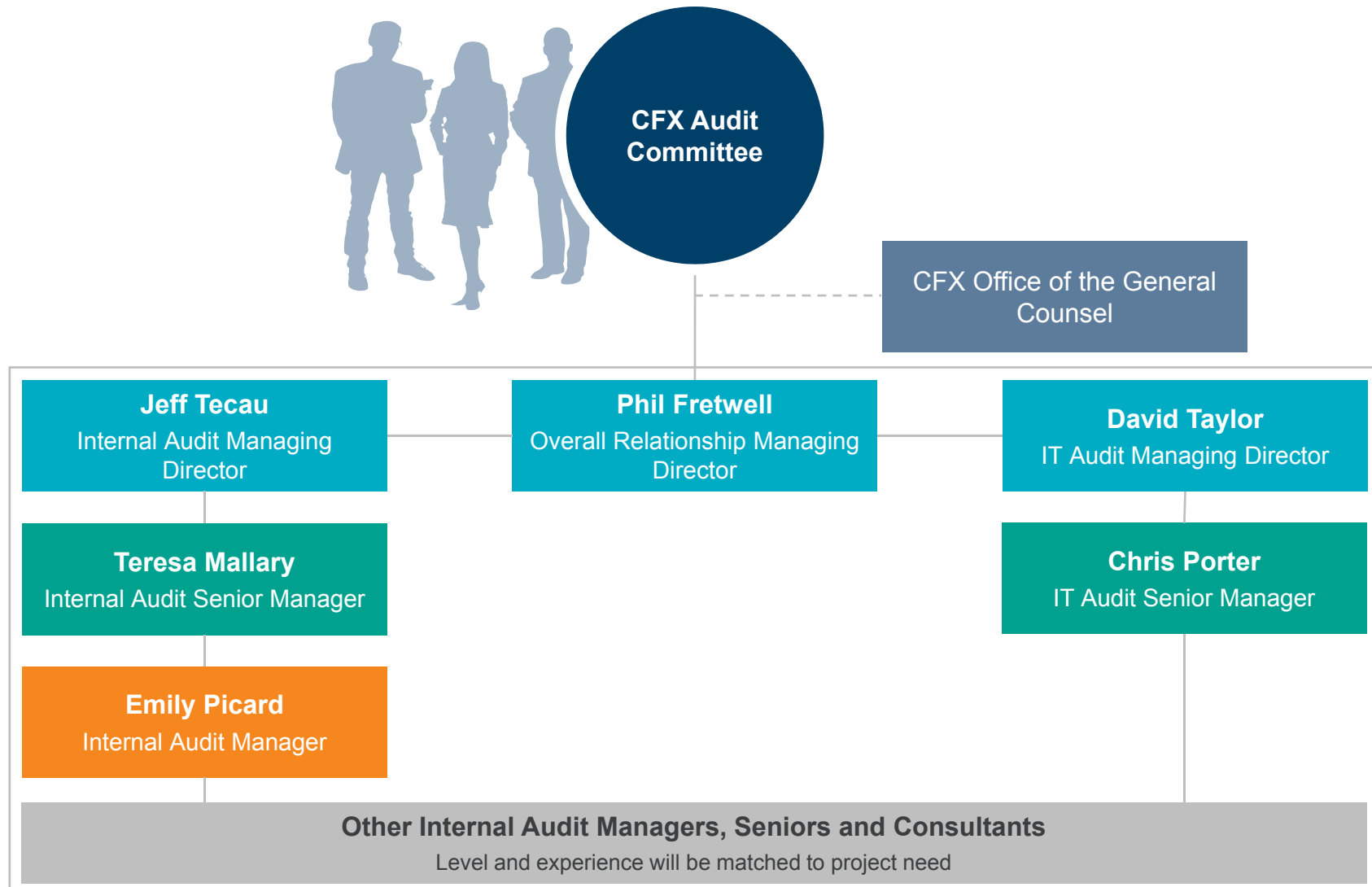


# CENTRAL FLORIDA EXPRESSWAY AUTHORITY

Internal Audit Plan





For the Fiscal Year beginning July 1, 2017

# YOUR INTERNAL AUDIT TEAM



# BACKGROUND

A risk assessment is a critical element of a high-quality Internal Audit department’s responsibility and provides the opportunity to be “front and center” with senior leadership as a strategic partner in the review and management of key business risks. The objective of the fiscal 2018 risk assessment was to identify and prioritize key areas of risk within CFX to consider in designing the fiscal 2018 Internal Audit plan. The approach utilized in conducting the fiscal 2018 risk assessment and in developing the fiscal 2018 Internal Audit plan is depicted below. Risk assessment results are included in Appendix B.

	<p><b>Identify Key Areas of Risk to be Assessed</b></p>	<ul style="list-style-type: none"> <li>• Confirm and update prior year risk areas based upon review of prior year work papers, audit results, and discussions with senior management and the Board</li> <li>• Determine preliminary risk ratings based upon prior year results</li> </ul>
	<p><b>Assess &amp; Prioritize Areas of Risk</b></p>	<ul style="list-style-type: none"> <li>• Conduct interviews with senior management and the Board to confirm and validate the current enterprise risk model to gain additional insight around risk trending, key changes in the organization, and key initiatives</li> <li>• Aggregate and compile resulting information</li> <li>• Provide a graphical representation of enterprise risks on a risk heat map to prioritize areas of risk</li> </ul>
	<p><b>Select Focus Areas</b></p>	<ul style="list-style-type: none"> <li>• Evaluate the prioritized enterprise risks and management commentary to determine Internal Audit focus areas for fiscal year 2018</li> <li>• Develop and define a preliminary listing of proposed Internal Audit projects to address the areas of focus</li> </ul>
	<p><b>Develop &amp; Approve Audit Plan</b></p>	<ul style="list-style-type: none"> <li>• Establish high-level scoping statements and levels of effort for proposed projects</li> <li>• Finalize budget allotments and propose projects for Audit Committee approval</li> <li>• Finalize proposed timing for selected projects</li> <li>• Finalize Internal Audit plan and obtain Audit Committee approval</li> </ul>

# INTERVIEW LIST

The following twenty-two (22) individuals were interviewed to gather information to develop the fiscal year 2018 Internal Audit Plan:

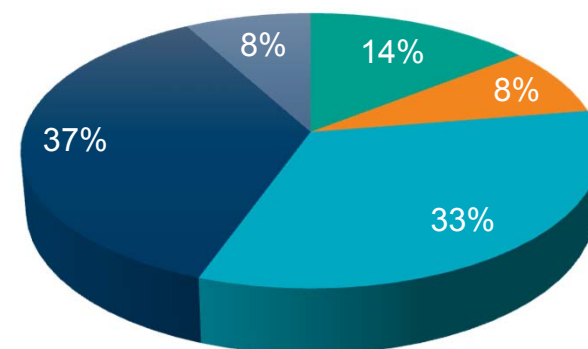
Name	Title	Name	Title
<b>Mayor Buddy Dyer</b>	Board Chairman	<b>Joe Berenis</b>	Chief of Infrastructure
<b>Commissioner Fred Hawkins, Jr.</b>	Board Vice-Chairman	<b>Corey Quinn</b>	Chief of Technology/Operations
<b>Jay Madara</b>	Board Treasurer	<b>Lisa Lumbard</b>	Chief Financial Officer
<b>Commissioner Brenda Carey</b>	Board Member	<b>Michelle Maikisch</b>	Chief of Staff/Public Affairs Officer
<b>Andria Herr</b>	Board Member	<b>Joe Passiatore</b>	General Counsel
<b>Mayor Teresa Jacobs</b>	Board Member	<b>Linda Lanosa</b>	Deputy General Counsel
<b>Commissioner Sean Parks</b>	Board Member	<b>Joann Chizlett</b>	Director of Special Projects
<b>S. Michael Scheeringa</b>	Board Member	<b>David Wynne</b>	Director of Toll Operations
<b>Commissioner Jennifer Thompson</b>	Board Member	<b>Glenn Pressimone</b>	Director of Engineering
<b>Bruce McMenemy</b>	Audit Committee Chairman	<b>Michael Carlisle</b>	Director of Accounting and Finance
<b>Laura Kelley</b>	Executive Director	<b>Rafael Millan</b>	Manager of Software Development

# 3 YEAR INTERNAL AUDIT PLAN

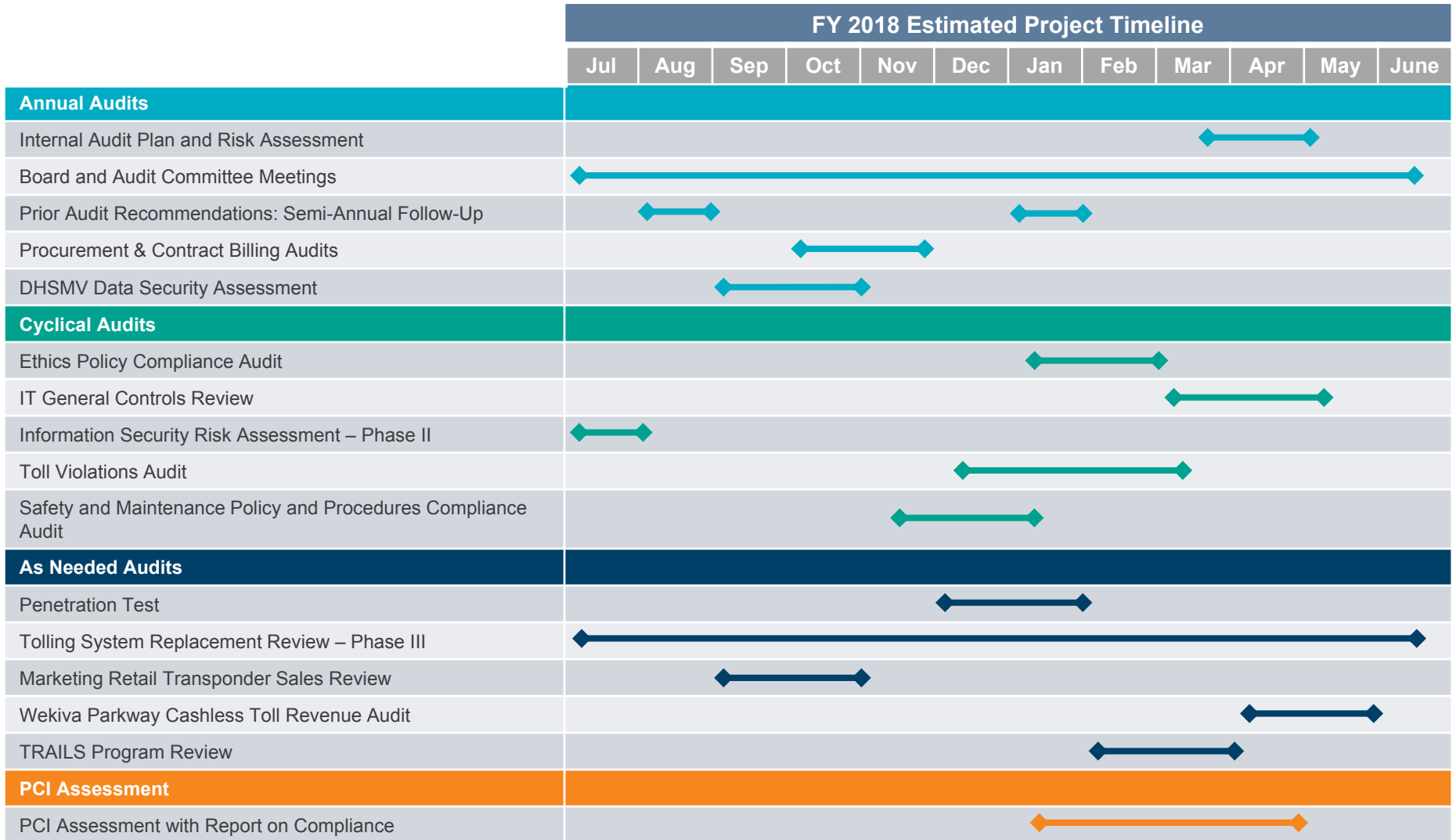
Description	Frequency	Date Last Performed	Audit Plan Year		
			2018	2019	2020
<b>Annual Internal Audits</b>					
Internal Audit Plan and Risk Assessment	Annual	2017	\$ 25,000	\$ 25,000	\$ 25,000
Board and Audit Committee Meetings	Annual	2017	\$ 15,000	\$ 15,000	\$ 15,000
Prior Year Recommendations: Semi-Annual Follow-up	Annual	2017	\$ 12,000	\$ 12,000	\$ 12,000
Procurement & Contract Billing Audits	Annual	2017	\$ 40,000	\$ 40,000	\$ 40,000
DHSMV Data Security Assessment	Annual	2017	\$ 25,000	\$ 25,000	\$ 25,000
Contingency for Special Projects	Annual	N/A	\$ 25,000	\$ 25,000	\$ 25,000
		<b>Total</b>	\$ 142,000	\$ 142,000	\$ 142,000
<b>Cyclical Audits</b>					
Ethics Policy Compliance Audit	3 Year Cycle	2015	\$ 35,000		
IT General Controls Review	3 Year Cycle	N/A	\$ 26,000		
Information Security Risk Assessment - Phase II	3 Year Cycle	2017 - Phase I	\$ 45,000		
Toll Violations Audit	5 Year Cycle	2012	\$ 40,000		
Safety and Maintenance Policy and Procedures Compliance Audit	5 Year Cycle	2014	\$ 35,000		
Toll Revenue Audit	3 Year Cycle	2016		X	
Sensitive Data / Data Management Review	5 Year Cycle	2014		X	
P-Card and Gas Card Audit	5 Year Cycle	N/A		X	
Customer Service Center Performance Assessment	3 Year Cycle	2017			X
Public Records Review	3 Year Cycle	2017			X
COSO 2013 Governance Review	5 Year Cycle	2015			X
Bond Financing Review	5 Year Cycle	2016			
Right of Way Audit	5 Year Cycle	2016			
Business Continuity Management Review	5 Year Cycle	2017			
Purchasing Spend Data Audit	5 Year Cycle	2017			
Accounting System Access and SOD Review	5 Year Cycle	2017			
Human Resources Process Review	5 Year Cycle	2017			
<b>As Needed Audits</b>					
Penetration Test	As Needed	N/A	\$ 46,000		
Tolling System Replacement Review - Phase III	As Needed	2017 - Phase II	\$ 40,000		
Marketing Retail Transponder Sales Review	As Needed	N/A	\$ 25,000		
Wekiva Parkway Cashless Toll Revenue Audit	As Needed	N/A	\$ 40,000		
TRAILS Program Review	As Needed	N/A	\$ 25,000		
Social Media Process Review	As Needed	N/A		X	
Customer Service Management and Lane Scheduling Review	As Needed	N/A		X	
ISO 27001 Information Security Review	As Needed	N/A		X	
IT Service Management Review	As Needed	N/A			X
		<b>Grand Total</b>	\$ 499,000		
<b>PCI Assessment</b>					
PCI Assessment with Report on Compliance	Annual	2017	\$ 65,000	\$ 65,000	\$ 65,000

# FY 2018 INTERNAL AUDIT COVERAGE

Strategic & Governance	Budget Allocation	Frequency
<ul style="list-style-type: none"> <li>Fiscal 2019 Internal Audit Plan and Risk Assessment</li> <li>Prior Audit Recommendations: Semi-Annual Follow-up</li> <li>Ethics Policy Compliance Audit</li> </ul>	\$25,000 \$12,000 \$35,000	Annual Annual 3 Year Cycle
Financial		
<ul style="list-style-type: none"> <li>Procurement &amp; Contract Billing Audits</li> </ul>	\$40,000	Annual
Operations		
<ul style="list-style-type: none"> <li>Toll Violations Audit</li> <li>Safety and Maintenance Policy and Procedures Compliance Audit</li> <li>Marketing Retail Transponder Sales Review</li> <li>Wekiva Parkway Cashless Toll Revenue Audit</li> <li>TRAILS Program Review</li> </ul>	\$40,000 \$35,000 \$25,000 \$40,000 \$25,000	5 Year Cycle 5 Year Cycle As Needed As Needed As Needed
Information Technology		
<ul style="list-style-type: none"> <li>DHSMV Data Security Assessment</li> <li>IT General Controls Review</li> <li>Information Security Risk Assessment – Phase II</li> <li>Penetration Test</li> <li>Tolling System Replacement Review – Phase III</li> </ul>	\$25,000 \$26,000 \$45,000 \$46,000 \$40,000	Annual 3 Year Cycle 3 Year Cycle As Needed As Needed
Other		
<ul style="list-style-type: none"> <li>Board and Audit Committee Meetings</li> <li>Contingency for Special Projects Requests</li> </ul>	\$15,000 \$25,000	Annual Annual
<b>Grand Total</b>	<b>\$499,000</b>	



# INTERNAL AUDIT TIMELINE



# FY 2018 INTERNAL AUDIT PROJECT DESCRIPTIONS (1/4)

#	Project	Project Description	Risks	Estimated Cost
1	<b>Internal Audit Plan and Risk Assessment</b> (Annual)	We will conduct a risk assessment to highlight the Expressway Authority's current year risk profile, to identify risk trends, and to form the foundation for the fiscal year 2018/2019 Internal Audit Plan. In addition, we will conduct the annual review of the completeness of the fraud risk universe and annual refresh of the fraud risk assessment. The information and findings will be utilized to develop the 2018/2019 Internal Audit plan, with a focus on addressing opportunities identified during the risk assessment process.	Strategic Planning Fraud Governance	\$25,000
2	<b>Board and Audit Committee Meetings</b> (Annual)	Protiviti will attend Board meetings and prepare for and present at all Audit Committee meetings during fiscal year 2018. This includes document preparation time and preparation time with management and the Audit Committee in advance of meetings.	Governance	\$15,000
3	<b>Prior Audit Recommendations: Semi-Annual Follow-up</b> (Annual)	This work will focus on semi-annual follow-up on the status of all OPEN action plans from prior year audits. In addition, internal audit will consider re-auditing closed recommendations for selected areas from prior year audits as requested by management or the Audit Committee.	Governance	\$12,000
4	<b>Procurement &amp; Contract Billing Audits</b> (Annual)	This audit will encompass a selection of 2 or 3 engineering, construction, maintenance, operations, or legal contracts on an annual, rotational basis, with the objective of verifying that internal controls are in place to ensure work performed for the Expressway Authority under large contracts has been billed in accordance with contractual terms and conditions. The work will include testing pricing and hours worked for accuracy and validity, testing invoice approvals, testing vendor compliance with other contractual obligations, using data analytics to identify high risk vendors and/or change orders, and trending key spend data and other data points for management review and consideration.	Contract Management Contract Performance Reporting Cost Containment Procurement and Vendor Selection	\$40,000
5	<b>DHSMV Data Security Assessment</b> (Annual)	The objective of this assessment is to review internal controls for gaps in design related to the requirements set forth in the DHSMV Drivers License or Motor Vehicle Record Data Exchange Memorandum of Understanding (MOU), Section V – Safeguarding Information.	Cyber Security Data Security	\$25,000
6	<b>Ethics Policy Compliance Audit</b> (Cyclical)	CFX has a formal ethics policy in place. Internal Audit will review the policy and (1) leverage leading practices to suggest additional areas for consideration to include in the policy and (2) review compliance with the policy, including the new provisions added as a result of Florida state legislation.	Ethical Compliance	\$35,000



# FY 2018 INTERNAL AUDIT PROJECT DESCRIPTIONS (2/4)

#	Project	Project Description	Risks	Estimated Cost
7	<b>IT General Controls Review</b> (Cyclical)	This review will focus on the Expressway Authority's Information Systems area. To accomplish this, we will assess the policies and procedures that are utilized to support the business critical applications and systems at CFX. Our approach will be to focus on the IT General Computer Controls which include the following components: Change Management, Logical Security, Physical Security, Security Administration, IT Organization & Management.	IT Application Controls IT Infrastructure/ Business Continuity IT Change Management	\$26,000
8	<b>Information Security Risk Assessment – Phase II</b> (Cyclical)	Protiviti will conduct Phase II of the Information Security Risk Assessment. In Phase II, a risk value will be assigned to each asset identified in Phase I so that Management may prioritize in what order to address risks posed to them. This value is based on the likelihood and potential impact of threats posed to these assets, the vulnerabilities they have, and the safeguards surrounding them.	Cyber Security Data Security	\$45,000
9	<b>Toll Violations Audit</b> (Cyclical)	This audit will focus on reviewing the processes, policies, procedures, technology, and reporting in place around the violations process to verify the process is working as intended. Focus will be on enhancing the efficiencies around the process to review violations and to bill and collect violations revenue. Samples of deleted/voided unpaid toll notices will also be reviewed to verify there is sufficient justification for voiding.	Toll Violations Toll Collections IT Change Management Customer Satisfaction	\$40,000
10	<b>Safety and Maintenance Policy and Procedures Compliance Audit</b> (Cyclical)	The objective of this project will be to review the safety and maintenance policies and procedures in place, including any recent technological enhancements to safety within the system (e.g. new technology measures to help prevent wrong way driving), vendor management programs, and to test compliance with the safety and maintenance policies and procedures.	Maintenance and Safety	\$35,000
11	<b>Penetration Test</b> (One-Time)	Protiviti will assess the security of networks, devices, and servers as part of a penetration test. This test will be conducted from the Internet and from within the CFX network. This test will identify potential vulnerabilities posed by outdated software, missing patches, or insecure configurations. Attempts will then be made to exploit these vulnerabilities with manual techniques in attempt to gain access to critical systems or data.	Cyber Security Data Security	\$46,000

# FY 2018 INTERNAL AUDIT PROJECT DESCRIPTIONS (3/4)

#	Project	Project Description	Risks	Estimated Cost
12	<b>Tolling System Replacement Review – Phase III (One-Time)</b>	CFX is in the process of replacing the toll plaza collection system. An access control review will be conducted on the Law Enforcement Notification System (“LENS”) component of this replacement. Additionally, network vulnerability scans may be conducted on systems that have completed Factory Acceptance Testing but have not been put into production. This will allow Internal Audit to identify potential vulnerabilities to systems prior to their deployment so they may be remediated.	IT Change Management Toll Collections	\$40,000
13	<b>Marketing Retail Transponder Sales Review</b>	Given new marketing initiatives, increases in new EPASS accounts, and additional channels for signing up new customers, the project will entail a review of the processes in place to market transponder sales, a review of the channels used to convert new accounts, and how CFX manages physical inventory and sales of transponders through the different channels (consignment versus purchase and sale).	Cost Containment Customer Satisfaction Public Relations	\$25,000
14	<b>Wekiva Parkway Cashless Toll Revenue Audit (One-Time)</b>	This audit will focus on reviewing the processes, policies, procedures, technology, monitoring, and reporting in place around the cashless tolling process on the Wekiva Parkway to verify the process is working as intended to monitor completeness and accuracy of revenue capture and prevent revenue leakage.	Toll Violations Toll Collections	\$40,000
15	<b>TRAILS Program Review (One-Time)</b>	This audit will encompass a review of the policies and procedures for the tolling reload lanes on the CFX system that sell transponders, handle a higher amounts of cash than the traditional lanes, process credit cards, and handle checks.	Cash Handling Customer Satisfaction	\$25,000

# FY 2018 PCI ASSESSMENT (4/4)

#	Project	Project Description	Risks	Estimated Cost
17	<b>PCI Assessment with Report on Compliance</b>	This project will be to fully test the Expressway Authority's compliance with the PCI Data Security Standard, (PCI-DSS) version 3.2 and issue a Report on Compliance (ROC). The testing will cover all twelve sections of the PCI-DSS.	Cyber Security Data Security Public Relations	\$65,000

# APPENDIX A INTERNAL AUDIT CHARTER

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# INTERNAL AUDIT CHARTER (1/6)

## Central Florida Expressway Authority Fiscal 2018 Internal Audit Department Charter

\*The fiscal 2018 Internal Audit charter has been updated to be consistent with the IIA's standard 2018 charter and to include recent IIA revisions effective January 1, 2017.

### Mission & Purpose

The mission of internal audit is to provide the Expressway Authority Board with independent, objective assurance and consulting services designed to add value, improve the Expressway Authority's operations, and enhance transparency. The purpose of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight into whether the Expressway Authority resources are responsibly and effectively managed to achieve intended results. Internal audit helps the Expressway Authority accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

### Standards & Professionalism

Internal audit will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, internal audit will adhere to the Expressway Authority's relevant policies and procedures and internal audit's standard operating procedures manual. Internal audit will report periodically to senior management and the Board regarding conformance to the Code of Ethics and the Standards.

### Authority

Internal audit is appointed by the Expressway Authority Board, and reports directly to them through the Audit Committee. The role of internal audit may be filled by an outside firm that provides internal audit services to the Expressway Authority on an outsourced basis. For administrative purposes, internal audit reports to the Office of the General Counsel. To establish, maintain, and assure that internal audit has sufficient authority to fulfill its duties, the Board will:

# INTERNAL AUDIT CHARTER (2/6)

## Authority (continued)

- Approve the internal audit charter.
- Approve the risk-based audit plan.
- Approve the internal audit budget and resource plan.
- Receive communications on internal audit performance relative to its plan and other matters.
- Make appropriate inquiries of management and internal audit to determine whether there is inappropriate scope or resource limitations.

Everything the Expressway Authority does is subject to assessment by internal audit. The Board authorizes internal audit to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subject, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized service from within or outside the organization, as approved by the Audit Committee.

## Internal Audit Plan

At least annually, internal audit will submit to senior management and the Board an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal year. Internal audit will communicate the impact of resource limitations and significant interim changes to senior management and the Board.

The internal audit plan will be developed based on a prioritization of audit universe using a risk-based methodology, including input of senior management and the Board. Internal audit will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant interim changes from the approved internal audit plan will be communicated to senior management and the Board through periodic activity reports.

# INTERNAL AUDIT CHARTER (3/6)

## Independence And Objectivity

Internal audit will remain free of all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If it is determined that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal audit will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises were made, and that they do not subordinate their judgment on audit matters to others.

To ensure independence, internal audit has no direct responsibility or any authority over any of the activities or operations of the Expressway Authority. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the Expressway Authority or its affiliates.
- Initiating or approving transactions external to the internal audit department.
- Directing the activities of any the Expressway Authority employee not employed by internal audit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Internal audit will disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties. Internal audit will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal audit will make a balanced assessment of all the relevant circumstances and take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

Internal audit will confirm to the Board, at least annually, the organizational independence of internal audit. Internal audit will disclose to the Board any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

# INTERNAL AUDIT CHARTER (4/6)

## Scope

Management is responsible for establishing and maintaining risk management, control, and governance processes. The scope of work of internal audit encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the Expressway Authority. Internal audit assessments include determining whether management's processes are adequate and functioning in a manner to ensure:

- Risks relating to the achievement of the Expressway Authority's strategic objectives are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information and the means used to identify, measure, analyze, classify, and report such information are relevant, reliable and understandable.
- Employee, officer, director, and contractor actions comply with policies, standards, procedures, and applicable laws, regulations, and governance standards.
- Resources and assets are acquired economically, used efficiently, and adequately protected.
- Results of programs, plans, and operations consistent with established goals and objectives are achieved.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Expressway Authority.
- Quality and continuous improvement are fostered in control processes.
- Significant legislative or regulatory issues are recognized and addressed properly.
- Means of safeguarding assets are adequate and, as appropriate, existence of such assets can be verified.
- Organization's risk management processes are effective.
- Quality of performance of external auditors and the degree of coordination with internal audit are appropriate.
- Specific operations are evaluated at the request of the Board or management, as appropriate.

Internal audit also considers relying upon the work of other internal and external assurance and consulting service providers as needed. Internal audit may perform advisory and related client service activities, the nature and scope of which will be agreed with the Expressway Authority, provided the internal audit department does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.



# INTERNAL AUDIT CHARTER (5/6)

## Responsibility

Internal audit's responsibility includes, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

- Ensuring each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Ensuring the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensuring internal audit collectively possesses or obtain the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Ensuring trends and emerging issues that could impact the Expressway Authority are considered and communicated to senior management and the Board as appropriate.
- Ensuring emerging trends and successful practices in internal auditing are considered.
- Establishing and ensuring adherence to policies and procedures designed to guide internal audit activities.
- Ensuring adherence to the Expressway Authority's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Board.
- Ensuring conformance of internal audit with the Standards, with the following qualifications:
  - If internal audit is prohibited by law or regulation from conformance with certain parts of the Standards, internal audit will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
  - If the Standards are used in conjunction with requirements issued by other authoritative bodies, internal audit will ensure conformance with the Standards, even if internal audit also conforms with the more restrictive requirements of other authoritative bodies.

# INTERNAL AUDIT CHARTER (6/6)

## Reporting And Monitoring

A written report will be prepared and issued by internal audit following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Board.

The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e. within thirty days) by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

Internal audit will be responsible for appropriate follow-up on engagement findings and recommendations, and reporting periodically to senior management and the Board any corrective actions not effectively implemented. All significant findings will remain in an open issues file until cleared.

Internal audit will periodically report to senior management and the Board on internal audit's purpose, authority, and responsibility, as well as performance relative to its plan and conformance with the IIA's Code of Ethics. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board. Results of audit engagements and other activities, resource requirements, and any response to risk by management that may be unacceptable to the Expressway Authority will also be communicated periodically to the Board.

## Quality Assurance And Improvement Program

Internal audit will maintain a quality assurance and improvement program that covers all aspects of internal audit. The program will include an evaluation of internal audit's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal audit applies the Code of Ethics. The program also assesses the efficiency and effectiveness of internal audit and identifies opportunities for improvement.

# APPENDIX B ENTERPRISE RISK ASSESSMENT

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# ENTERPRISE RISK MODEL (AS OF MAY 2017)

 <b>Strategic and Governance</b>	<b>1. Strategic Planning</b>	<b>7. Governance</b>	<b>13. Public Relations</b>
	2. Organization Structure	8. Political Environment	14. Back Office Consolidation
	3. Contingency Planning	<b>9. Ethical Compliance</b>	15. National Interoperability
	4. Regulatory Changes	<b>10. Communication</b>	16. Toll Rate Management
	5. Access to Capital	11. Leadership	17. Asset and Liability Transfer Risk
	6. Statewide Interoperability	12. Outsourcing	18. Multimodal Opportunities*
 <b>Financial</b>	<b>19. Fraud</b>	<b>25. Procurement and Vendor Selection</b>	
	20. Management Performance Reporting	<b>26. Contract Performance Reporting</b>	
	21. Bond Financing/Covenant Compliance	<b>27. Financial Reporting</b>	
	<b>22. Cost Containment</b>	28. Right of Way	
	23. Treasury and Liquidity Management	29. Swap Pricing	
	<b>24. Cash Handling</b>		
 <b>Operations and IT</b>	<b>30. Toll Violations</b>	<b>36. IT Change Management</b>	
	<b>31. Toll Collections</b>	37. Insurance Coverage	
	<b>32. IT Application Controls</b>	<b>38. Customer Satisfaction</b>	
	33. Human Resources	<b>39. Data Security</b>	
	<b>34. IT Infrastructure/Business Continuity</b>	40. Toll Discounts/Rebates	
	<b>35. Cyber Security</b>		
 <b>Regulatory and Compliance</b>	<b>41. Contract Management</b>	43. Records Management	
	42. Maintenance and Safety		

\* Represents new risks added for FY 2018. **Bold** represents risks addressed by FY 2018 Internal Audit plan.

# ENTERPRISE RISK MAP – RESIDUAL RISK



# APPENDIX C OTHER POTENTIAL AUDITS

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# OTHER POTENTIAL AUDITS (1/4)

#	Project	Project Description	Risks	Estimated Cost
1	<b>Toll Revenue Audit</b> (Cyclical)	This audit will focus on cash toll collections and electronic tolling collections, with the objectives to review (1) controls exist to ensure revenue data captured at the point of origin is completely and accurately recorded to the financial statements, (2) physical safeguarding controls exist around cash (including the use of security and surveillance, data analytics, monitoring and reporting, and counts/other reconciling activities), (3) controls in place around processing revenue adjustments to customer accounts are operating according to policy, and (4) appropriate monitoring and measurements are in place to review toll revenue. Additionally, IT general controls around supporting systems and information technology will be reviewed.	Toll Collections Cash Handling	\$75,000
2	<b>Sensitive Data/Data Management Review</b> (Cyclical)	The objectives of the project will be to identify if sensitive data is inappropriately stored in locations on the CFX network - in violation of company policy and leading practices. In addition, we will perform a high-level evaluation of the controls over the sensitive data repositories that are identified (if applicable) to determine if potential gaps exist.	Cyber Security Data Security	\$40,000
3	<b>P-Card and Gas Card Audit</b> (Cyclical)	The objective of the project will be to review P-card and Gas procurement expenditures to verify purchases are adequately supported and are for valid business purposes.	Cost Containment Fraud	\$20,000
4	<b>Customer Service Center Performance Assessment</b> (Cyclical)	Protiviti subject matter experts will conduct an audit of the contact center to follow-up on audits conducted during prior fiscal years. The audit will involve a deep-dive review of progress toward the implementation of each prior audit recommendation as well as a comparison of the center's performance against benchmarks and other leading practices through a review of existing data, silent observations of calls and statistical analysis to extrapolate results.	Back Office Consolidation Cost Containment Customer Satisfaction Public Relations	\$48,000
5	<b>Public Records Review</b> (Cyclical)	This review will focus on the Expressway Authority's records management processes and policies to comply with public records laws. Data retention surrounding electronic communications via email, mobile, and voice mail will also be reviewed to identify the technology needed to assist with capturing and retaining data from such communication. Additionally, we will review documentation retention schedules specific to document classification (different types must be kept for a different lengths of time) for consistency with rules established by the Florida Secretary of State.	Records Management	\$30,000

## OTHER POTENTIAL AUDITS (2/4)

#	Project	Project Description	Risks	Estimated Cost
6	<b>COSO 2013 Governance Review</b> (Cyclical)	This audit will involve an evaluation of the Expressway Authority's governance procedures and internal controls leveraging the COSO2013 internal control framework and the new COSO ERM framework.	Governance Ethical Compliance	\$25,000
7	<b>Bond Financing Review</b> (Cyclical)	CFX has \$2.8B of bonds issued and outstanding with varying terms. As part of this project, we will perform a risk assessment of the financing process, a review of the policies (including policies to procure the financial advisor, underwriter, attorneys, and others involved in the financing process), and a review of the process to structure financing deals and manage existing portfolio risk. This project may also include a review of the process to monitor bond covenant compliance.	Bond Financing/Covenant Compliance	\$40,000
8	<b>Right of Way Audit</b> (Cyclical)	This audit will include a review of the processes and procedures in place to manage Right of Way land acquisitions and may include a review of legal counsel responsibilities, involvement of the ROW Committee, and internal controls around managing legal counsel and other third party costs and overall purchase price. The review may include a trending analysis of appraised cost values for recent purchases and a review of outliers.	Cost Containment Public Relations Records Management	\$30,000
9	<b>Business Continuity Management Review</b> (Cyclical)	This review will focus on how CFX manages Business Continuity, including IT Disaster Recovery plans and Crisis Management. The review will include an assessment of the documented plans as well as the foundational efforts that were performed to create them (such as a Business Impact Analysis).	Business Continuity	\$32,000
10	<b>Purchasing Spend Data Audit</b> (Cyclical)	This review will focus on a 100% interrogation of spending data over a three to five year history to identify opportunities for recovery such as vendor overpayments, unused vendor credits, etc. We will use proprietary tools to review the Expressway Authority's detailed spend data for areas of leakage and audit against contracts and other available information as red flags are identified. As a side benefit to any actual recoveries, we will also focus on identifying potential frauds, root causes and process improvement opportunities.	Cost Containment Fraud Procurement and Vendor Selection	\$35,000



## OTHER POTENTIAL AUDITS (3/4)

#	Project	Project Description	Risks	Estimated Cost
11	<b>Accounting System Access and Segregation of Duties Review</b> (Cyclical)	The financial close and related accounting processes will be reviewed for appropriate segregation of duties among CFX personnel. Protiviti-developed tools will be leveraged to verify segregation for each key accounting cycle around the following: Physical custody of assets, adjustments to accounting records, approvals of accounting transactions, and review responsibilities. In addition, we will also review access rights within the Eden financial package to verify system access restrictions appropriately support segregation of duties and to identify segregation of duties conflicts within the system. We will recommend compensating monitoring controls to the extent necessary.	Financial Reporting Fraud	\$25,000
12	<b>Human Resources Process Review</b> (Cyclical)	During the Human Resource Process review, we will evaluate the Human Resource process, policies, procedures and related internal controls. The review may include recruiting and hiring; training; performance evaluations; performance, reward, and recognition; and employee terminations. The HR process and controls will be reviewed for compliance with policies and comparison to leading HR practices. Lastly, the succession planning strategy may be reviewed and compared to leading practices.	Human Resources Succession Planning	\$25,000
13	<b>Social Media Process Review</b> (One-Time)	This audit will encompass a review of the policies and procedures surrounding CFX social media use and communication, and comparing those policies and procedures to other business of similar complexity. The following areas will be reviewed: Develop and Communicate Strategy, Sustain Leadership, Promote Culture, Manage Community, Refresh Content and Programming, Enforce Policies and Governance, Deploy Tools, Measure and Report.	Public Relations Communication	\$30,000
14	<b>Customer Service Management and Lane Scheduling Review</b> (One-Time)	This project will entail a review of the process and technology in place to manage the scheduling of toll collectors on the system, lane management, and use of traffic studies to drive scheduling by URS/AECOM in relation to customer service impact.	Customer Satisfaction	\$40,000
15	<b>ISO 27001 Information Security Review</b> (One-Time)	This review will compare the Expressway Authority's information security practices and procedures to the ISO 27001 framework. This framework is widely recognized as the benchmark for assessing/creating overall information security programs.	Cyber Security Data Security	\$45,000

# OTHER POTENTIAL AUDITS (4/4)

#	Project	Project Description	Risks	Estimated Cost
16	<b>IT Service Management Review</b> (One-Time)	This review will focus on IT operational effectiveness and entail the following: (1) Processes for receiving, responding to and prioritizing requests for work; (2) Program and project management procedures and governance entities; (3) Review of overall roles and responsibilities for alignment with technology strategy and business objectives; (4) Review of IT service management procedures (potentially using ITIL); (5) Analyze the procedures for communication and transparency of IT projects and effectiveness; (6) Compare with leading practices, evaluate maturity, and provide specific recommendations for effectiveness/efficiency.	IT Infrastructure IT Applications Strategic Planning Communication	\$50,000

# *Face the Future with Confidence*

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