

# CENTRAL FLORIDA EXPRESSWAY AUTHORITY

\*Pay By Plate Audit

April 27, 2018

\*This Pay By Plate Audit report reflects the combined output of the Toll Violations and the Wekiva Parkway Cashless Toll Revenue Audits that were separately approved as part of the 2018 Internal Audit Plan

# TABLE OF CONTENTS



**3 Executive Summary**

**6 Detailed Observations**

# EXECUTIVE SUMMARY



## Overview

The Central Florida Expressway Authority (“CFX”) has 118 centerline miles, 815 lane miles (including ramps), and 14 mainline toll plazas and 64 ramp toll plazas across its five major roadways. Each of the main toll plazas offer electronic toll collections, cash toll collections through manned lanes, or automatic coin machines.

In March 2018, CFX opened the Wekiva Parkway, the first expressway on the CFX system to feature All Electronic Tolling. With no toll plazas on the parkway, travelers can either pay automatically using an electronic tolling transponder or pay later using CFX’s Pay By Plate process. Pay By Plate customers are issued an invoice by mail and may pay the invoice online, by mail, over the phone, or in person at the E-PASS Customer Service Center.

CFX engaged Egis Projects, Inc. (“Egis”), a third party contractor, to manage Pay By Plate license image reviews, Pay By Plate invoicing, and to support the customer contact center. CFX Toll Operations manages the Egis contract and provides management oversight for the Pay By Plate program.

Internal Audit conducted a review of CFX’s processes and technology in place to manage Pay By Plate program. This Pay By Plate Audit report reflects the combined output of the Toll Violations and the Wekiva Parkway Cashless Toll Revenue Audits that were separately approved as part of the 2018 Internal Audit Plan.



## Objectives, Scope, and Approach

The objective of this audit was to evaluate the completeness and accuracy of revenue captured for Pay By Plate transactions, including the capture of license plate images, invoice and citation processing, cash collection, and financial reporting.

To execute this audit, Internal Audit performed the following procedures:

### ***Phase I – Processes and Controls Walkthrough***

Internal Audit analyzed the current state of CFX’s Pay By Plate processes, supporting technology, and related internal controls surrounding the capture, billing, collection, and recording of revenue related to Pay By Plate transactions. The following activities were performed to evaluate the design effectiveness of key internal controls:

- Reviewed CFX’s written processes, procedures, and business rules;
- Interviewed CFX personnel, including members of the Information Technology (IT), Operations, and Accounting and Finance departments;
- Performed walkthroughs of the Pay By Plate process and key internal controls; and
- Evaluated the design of those key internal controls and identified control gaps.

# EXECUTIVE SUMMARY



## Objectives, Scope, and Approach (continued)

### ***Phase II – Detailed Internal Control Testing***

For the testing period of October 2017, there were approximately 3.5 million Pay By Plate transactions. Internal Audit performed detailed testing procedures on a sample basis to evaluate the operating effectiveness of the key internal controls surrounding the following risk areas:

- Accuracy of matching plate images to corresponding driver information;
- Completeness, accuracy, and timeliness of Pay By Plate invoicing;
- Completeness and timeliness of follow-up procedures for Pay By Plate invoices not resolved within the deadline;
- Completeness of Uniform Traffic Citations (“UTCs”) issued to habitual toll violators or motorists who repeatedly avoid CFX’s Violation Enforcement System;
- Accuracy of the look-up and processing of out-of-state tags;
- Completeness of invoice payments and revenue recorded; and
- Pay By Plate invoices and customer accounts adjustment.

### ***Phase III – IT Systems Review***

Internal Audit reviewed the change management, logical security, and operations controls on the following information technology applications that support the revenue capture for Pay By Plate transactions:

- TRIMS (Toll Revenue Integrated Management System)
- VES (Violation Enforcement System)

Wekiva Parkway only:

- Infinity Digital Lane System (The software used to compile all toll plaza activities)
- Q-Free (The system used to review the license plate images)

A detailed review of the supporting systems was out of scope for this review.

# EXECUTIVE SUMMARY



## Summary of Results

Internal Audit evaluated CFX's Pay By Plate processes, key internal controls, and the related design and operating effectiveness of those controls. Five opportunities were identified that, if implemented, will strengthen CFX's Pay By Plate management processes and internal control environment. The table below provides an overview of the areas reviewed and the opportunities identified.

Area	Observation	Observation #
Pay By Plate Program Monitoring	Pay By Plate Program Management Procedures	2
License Plate Recognition	N/A	N/A
Pay By Plate Invoicing	N/A	N/A
Outstanding Invoice Follow-Up	N/A	N/A
Uniform Traffic Citation (UTC) Issuance	N/A	N/A
Lookup and Processing of Out-of-State Tags	N/A	N/A
Cash Collection and Revenue Recognition	N/A	N/A
Customer Account Adjustments	N/A	N/A
Information Technology General Controls	Q-Free Reporting Capabilities	1
	User Access Reviews	3
	User Accounts	4
	Backup Job and Batch Job History	5

# DETAILED OBSERVATIONS

# DETAILED OBSERVATIONS

## Observation 1 – Q-Free Reporting Capabilities

Relative Priority: **Moderate**



### **Observation**

CFX utilizes the Q-Free system to process travelers' license plate images on the Wekiva Parkway. Based on criteria within Q-Free, transactions may be sent to a queue for a manual double blind review to be performed by the Violation Enforcement System (VES) Image Review Clerks. The VES Image Review Clerks independently determine the registration number, jurisdiction, and pertinent vehicle information for each transaction.

While CFX Information Technology could identify transactions captured by the Q-Free system, at the time of the audit CFX was unable to generate reports that provided data on the percentage of transaction that were fully automated and those that required manual reviews by VES Image Review Clerks. Additionally, reports detailing VES Image Review Clerks discrepancies were not available.

Reporting capabilities, particularly at the detailed transaction level, are essential for management to analyze the accuracy rate of the Q-Free system, relevant trends in the data, VES Image Review Clerks error rates, and potential staffing needs.

### **Root Cause**

Due to the proprietary nature and recent installation of the Q-Free software, CFX is still gaining an understanding of the image review system's reporting capabilities.

### **Recommendation**

CFX should discuss required reporting capabilities with TransCore and establish a process to generate reports with the data needed to adequately monitor the Pay By Plate program.

# DETAILED OBSERVATIONS

## Observation 1 – Q-Free Reporting Capabilities (continued)

Relative Priority: **Moderate**



### **Management Response**

Management concurs.

### **Management Action Plan**

TransCore is in the process of refining the imagine processing system reports that provide the data required to monitor the accuracy of the Q-Free system and VES Image Review Clerk blind reviews. Once the reports are finalized Toll Operations will incorporate the review of these reports into the department's monitoring procedures noted in observation 2.

### **Action Plan Owner / Due Date**

Joann Chizlett, Director of Special Projects, and David Wynne, Director of Toll Operations / December 31, 2018



# DETAILED OBSERVATIONS

## Observation 2 – Pay By Plate Program Management Procedures

Relative Priority: **Moderate**



### Observation

The Pay By Plate program review and monitoring internal controls are undocumented and not clearly defined. Internal Audit identified the following instances in which the review and monitoring controls are not designed effectively:

1. At the request of the Manager of VES and Special Projects, Egis generates a Uniform Traffic Citation (UTC) report of all unpaid Pay By Plate invoices by vehicle that meet the parameters provided by the Manager of VES and Special Projects. The UTC report must be reviewed and approved by the Manager of VES and Special Projects and either the Director of Toll Operations or Manager of E-PASS and Plaza Operations. Additionally, the report must be signed by both Toll Enforcement Officers (TEOs), as a TEO is required to attend court proceedings if a CFX customer chooses to dispute a citation.

In October 2017, the UTC report was generated once for one set of parameters and contained approximately 4,000 records. There is no formal procedures that defines standardized parameters for the UTC report and no formal schedule that rotates when records from each set of parameters are reviewed. In addition, the criteria for deciding whether to issue a UTC is subjective and there is no formal guidelines for making the determination.

2. Monthly, a report of all customer toll transaction voids and waivers is provided to the Manager of VES and Special Projects for review. However, the review of the report is not documented and there is no formal procedures that define the objective of the review, such as reviewing for inappropriate trends or the reasonableness of the customer voids and waivers.

### Root Cause

There are no formal written process and procedures for the management of the Pay By Plate program.

# DETAILED OBSERVATIONS

## Observation 2 – Pay By Plate Management Procedures (continued)

Relative Priority: **Moderate**



### Recommendation

1. CFX should develop formal written process and procedures that clearly document the Pay By Plate review and monitoring process. Written procedures are an integral component of each business process within an operating environment, provide guidance in the pursuit of achieving the objectives, help reduce misunderstanding, and increase distribution of pertinent information to those involved in the process. The written procedures should include:
  - a) Internal standards for managing the Pay By Plate program, including the following:
    - i. Standardized parameters and a review schedule for the UTC report; and
    - ii. Monthly reviews of Q-Free performance reports, VES Image Review Clerks performance reports, invoice quantity trends, and other pertinent reports.
  - b) Role and responsibilities within the department and those of the third party vendor; and
  - c) Documentation requirements for the execution of the key controls.

Once developed, CFX should review and update the Pay By Plate management procedures for changes in processes on an annual basis. The Director of Toll Operations and the Manager of VES and Special Projects should approve the written policies and procedures and provide evidence of the review. The final document should also be stored on a shared site to ensure the policies and procedures are available and accessible throughout the department.

# DETAILED OBSERVATIONS

## Observation 2 – Pay By Plate Management Procedures (continued)

Relative Priority: **Moderate**



### **Management Response**

Management concurs.

### **Management Action Plan**

1. The Director of Toll Operations, the Manager of E-PASS and Plaza Operations, and the Manager of VES and Special Projects will document written policies and procedures for CFX's Pay By Plate program to address the clearly define the review and monitoring control activity. The policies and procedures will be reviewed and updated at least annually and published on SharePoint.

### **Action Plan Owner / Due Date**

David Wynne, Director of Toll Operations, and Paul Schatz, Manager of VES and Special Projects / June 30, 2019

# DETAILED OBSERVATIONS

## Observation 3 – User Access Review

Relative Priority: **Moderate**



The content area is a large grey rectangle. On the left side, there is a dark blue vertical bar containing a white icon of a checklist with a checkmark. A large, semi-transparent red watermark reading 'REDACTED' is oriented diagonally across the entire content area. In the upper right corner of the content area, the text 'F.S. 282.318' is written in red.

# DETAILED OBSERVATIONS

## Observation 4 – User Accounts

Relative Priority: **Moderate**



**REDACTED**

F.S. 282.318

# DETAILED OBSERVATIONS

## Observation 4 – User Accounts (continued)

Relative Priority: **Moderate**



# DETAILED OBSERVATIONS

## Observation 5 – Backup Job & Batch Job History

Relative Priority: **Low**



# DETAILED OBSERVATIONS

## Observation 5 – Backup Job & Batch Job History (continued)

Relative Priority: **Low**



**REDACTED**

F.S. 282.318



# *Face the Future with Confidence*

© 2018 Protiviti Inc. All Rights Reserved. This document has been prepared for use by CFX's management, audit committee, and board of directors. This report provides information about the condition of risks and internal controls at one point in time. Future events and changes may significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.

protiviti®