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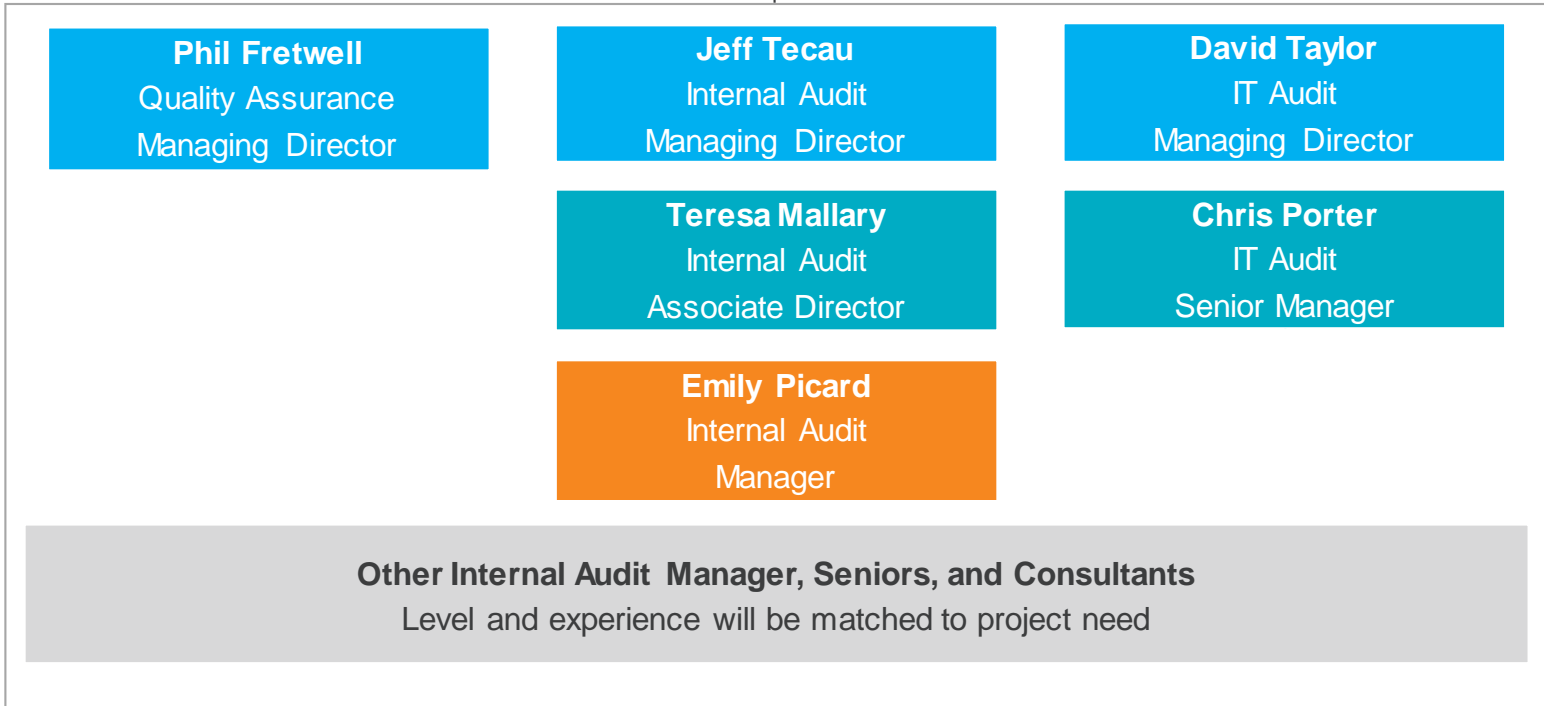
Internal Audit Plan

For the Fiscal Year Ending June 30, 2019

YOUR INTERNAL AUDIT TEAM

CFX Audit Committee

CFX Office of the General Counsel

Phil Fretwell
Quality Assurance
Managing Director

Jeff Tecau
Internal Audit
Managing Director

David Taylor
IT Audit
Managing Director

Teresa Mallary
Internal Audit
Associate Director

Chris Porter
IT Audit
Senior Manager

Emily Picard
Internal Audit
Manager

Other Internal Audit Manager, Seniors, and Consultants
Level and experience will be matched to project need

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BACKGROUND

An annual 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 2019 risk assessment is to identify and prioritize key areas of risk within CFX to consider in designing the fiscal 2019 Internal Audit plan. The approach to conduct the fiscal 2019 risk assessment and develop the fiscal 2019 Internal Audit plan is depicted below. See Appendix B for the 2019 risk assessment results.

	Identify Key Areas of Risk to be Assessed	• 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 • Determine preliminary risk ratings based upon prior year results
	Assess & Prioritize Areas of Risk	• 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 • Aggregate and compile resulting information • Provide a graphical representation of enterprise risks on a risk heat map to prioritize areas of risk
	Select Focus Area	• Evaluate the prioritized enterprise risks and management commentary to determine Internal Audit focus areas for fiscal year 2019 • Develop and define a preliminary listing of proposed Internal Audit projects to address the areas of focus
	Develop & Approve Audit Plan	• Establish high-level scoping statements and levels of effort for proposed projects • Finalize budget allotments and propose projects for Audit Committee approval • Finalize proposed timing for selected projects • Finalize Internal Audit plan and obtain Audit Committee approval

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INTERVIEW LIST

The following 26 individuals were interviewed to gather information to develop the fiscal year 2019 Internal Audit plan:
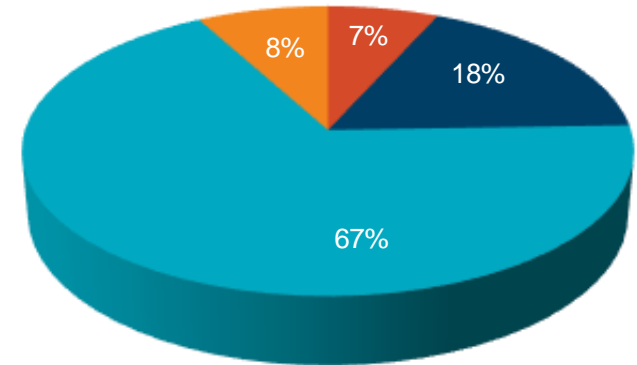
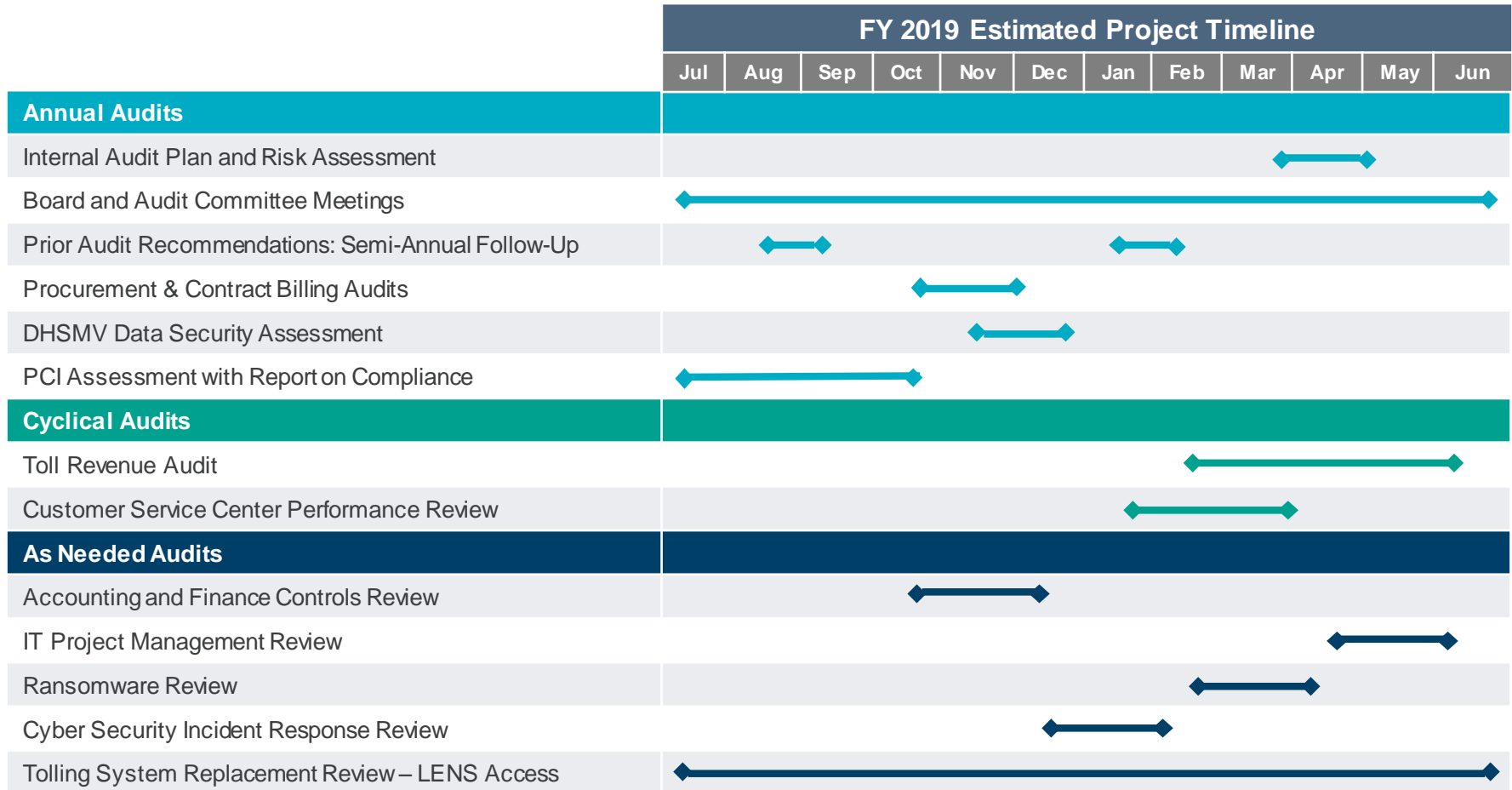| Name	Title	Name	Title
Commissioner Fred Hawkins, Jr.	Board Chairman	Joe Berenis	Chief of Infrastructure
Jay Madara	Board Vice-Chairman	Corey Quinn	Chief of Technology/Operations
Commissioner Brenda Carey	Board Treasurer	Michelle Maikisch	Chief of Staff/Public Affairs Officer
Commissioner Jim Barfield	Board Member	Joe Passiatore	General Counsel
Mayor Buddy Dyer	Board Member	Linda Lanosa	Deputy General Counsel
Andria Herr	Board Member	Joann Chizlett	Director of Special Projects
Mayor Teresa Jacobs	Board Member	David Wynne	Director of Toll Operations
Commissioner Sean Parks	Board Member	Glenn Pressimone	Director of Engineering
S. Michael Scheeringa	Board Member	Jim Greer	Director of IT
Commissioner Jennifer Thompson	Board Member	Michael Carlisle	Director of Accounting and Finance
Kaye Dover	Audit Committee Chair	Aneth Williams	Director of Procurement
Laura Kelley	Executive Director	Donald Budnovich	Director of Safety and Maintenance
Lisa Lumbard	Chief Financial Officer	Carrie Baker	Contract Compliance Analyst

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THREE YEAR INTERNAL AUDIT PLAN

Description	Frequency	Date Last Performed	Audit Plan Year 2019	Audit Plan Year 2020	Audit Plan Year 2021
Annual Internal Audits					
Internal Audit Plan and Risk Assessment	Annual	2018	$ 25,000	$ 25,000	$ 25,000
Board and Audit Committee Meetings	Annual	2018	$ 15,000	$ 15,000	$ 15,000
Prior Year Recommendations: Semi-Annual Follow-up	Annual	2018	$ 13,000	$ 13,000	$ 13,000
Procurement & Contract Billing Audits	Annual	2018	$ 40,000	$ 40,000	$ 40,000
DHSMV Data Security Assessment	Annual	2018	$ 25,000	$ 25,000	$ 25,000
PCI Assessment with Report on Compliance	Annual	2018	$ 85,000	$ 85,000	$ 85,000
Contingency for Special Projects	Annual	N/A	$ 30,000	$ 30,000	$ 30,000
Total			$ 233,000	$ 233,000	$ 233,000
Cyclical Audits					
Customer Service Center Performance Assessment	2 Year Cycle	2017	$ 60,000		X
Ethics Policy Compliance Audit	3 Year Cycle	2018			X
Toll Revenue Audit	3 Year Cycle	2016	$ 75,000		
IT General Controls Review	3 Year Cycle	2018			X
Information Security Risk Assessment - Phase II	3 Year Cycle	2018			X
Public Records Review	3 Year Cycle	2017		X	
Safety and Maintenance Policy and Procedures Compliance Audit	5 Year Cycle	2018			
Bond Financing Review	5 Year Cycle	2016			X
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			
Toll Violations and Toll-by-Plate Audit	5 Year Cycle	2018			
COSO 2013 Governance Review	5 Year Cycle	2015		X	
Right of Way Audit	5 Year Cycle	2016			X
P-Card and Gas Card Audit	5 Year Cycle	N/A		X	
As Needed Audits					
Accounting and Financial Controls Review	As Needed	N/A	$ 60,000		
IT Project Management Review	As Needed	N/A	$ 46,000		
Ransomware Review	As Needed	N/A	$ 35,000		
Cyber Security Incident Response Review	As Needed	N/A	$ 35,000		
Tolling System Replacement Review - LENS Access	As Needed	2018 - Phase II	$ 20,000		
Marketing Retail Transponder Sales Review	As Needed	N/A		X	
Social Media Process Review	As Needed	N/A		X	
ISO 27001 Information Security Review	As Needed	N/A		X	
Sensitive Data / Data Management Review	As Needed	2014			
Vendor Risk Management	As Needed	2017			
Grand Total			$ 564,000		

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FY 2019 INTERNAL AUDIT COVERAGE

Strategic & Governance	Budget Allocation	Frequency
• Fiscal 2020 Internal Audit Plan and Risk Assessment • Prior Audit Recommendations: Semi-Annual Follow-up	$25,000 $13,000	Annual Annual
Financial		
• Procurement & Contract Billing Audits • Accounting and Financial Controls Review	$40,000 $60,000	Annual As Needed
Operations & IT		
• DHSMV Data Security Assessment • PCI Assessment with Report on Compliance • Customer Service Center Performance Assessment • Toll Revenue Audit • Ransomware Review • Cyber Security Incident Response Review • IT Project Management Review • Tolling System Replacement Review – LENS Access	$25,000 $85,000 $60,000 $75,000 $35,000 $35,000 $46,000 $20,000	Annual Annual 2 Year Cycle 3 Year Cycle As Needed As Needed As Needed As Needed
Other		
• Board and Audit Committee Meetings • Contingency for Special Projects	$15,000 $30,000	Annual Annual
Total Internal Audit Budget	**$564,000**	

8% 7% 18% 67%

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INTERNAL AUDIT TIMELINE

	FY 2019 Estimated Project Timeline											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Annual Audits												
Internal Audit Plan and Risk Assessment									■——■			
Board and Audit Committee Meetings	■——■											
Prior Audit Recommendations: Semi-Annual Follow-Up		■——■					■——■					
Procurement & Contract Billing Audits				■——■								
DHSMV Data Security Assessment					■——■							
PCI Assessment with Report on Compliance	■————————■											
Cyclical Audits												
Toll Revenue Audit									■————————■			
Customer Service Center Performance Review							■————————■					
As Needed Audits												
Accounting and Finance Controls Review				■——■								
IT Project Management Review										■——■		
Ransomware Review									■——■			
Cyber Security Incident Response Review								■——■				
Tolling System Replacement Review – LENS Access	■——■											

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FY 2019 INTERNAL AUDIT PROJECT DESCRIPTIONS

#	Project	Project Description	Risks	Estimated Cost
1	**Internal Audit Plan and Risk Assessment**	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 2020 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 2020 Internal Audit plan, with a focus on addressing opportunities identified during the risk assessment process.	Strategic Planning Fraud Governance	$25,000
2	**Board and Audit Committee Meetings**	Protiviti will attend Board meetings and prepare for and present at all Audit Committee meetings during fiscal year 2019. This includes document preparation time and preparation time with management and the Audit Committee in advance of meetings.	Governance	$15,000
3	**Prior Audit Recommendations: Semi-Annual Follow-up**	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	$13,000
4	**Procurement & Contract Billing Audits**	This audit will encompass a selection of 2 or 3 engineering, construction, maintenance, operations, or legal contracts, with the objective of verifying internal controls are in place to ensure work performed for CFX 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	**DHSMV Data Security Assessment**	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 / Data Security	$25,000
6	**Toll Revenue Audit**	This audit will focus on cash toll collections and electronic tolling collections, with the objectives to review (1) controls that ensure revenue data captured at the point or 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 reconciliation controls are in place to monitor revenue related to interoperability agreements. Additionally, IT general controls around supporting systems and information technology will be reviewed.	Toll Collections Cash Handling	$75,000

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FY 2019 INTERNAL AUDIT PROJECT DESCRIPTIONS

#	Project	Project Description	Risks	Estimated Cost
7	**Customer Service Center Performance Assessment**	Leveraging subject matter expertise, Protiviti will conduct an assessment of the customer contact center and consider current needs of the center, including opportunities to reduce staff turnover. The audit will involve a review of the center's performance through an organizational analysis, a customer contact analysis, an analysis of technology, infrastructure and applications, and a statistical data analysis. This audit will also consider whether the outsourced approach to providing these functions is still one that is yielding appropriate financial and economic benefits to CFX.	Cost Containment Customer Satisfaction Public Relations	$60,000
8	**Accounting and Financial Controls Review**	The objective of this project is to conduct a current state design analysis of key processes, risks, and internal controls within the accounting function and to test the operating effectiveness of key accounting and financial reporting controls, including those designed to detect or prevent fraud. The audit will also include comparisons of CFX's accounting and financial reporting controls to leading practices.	Financial Reporting Fraud	$60,000
9	**IT Project Management Review**	This project will assess CFX's ability to intake, prioritize, deliver on requests from the business. Protiviti will assess the manner in which IT requests are received and accepted, the potential risks that could impact projects, the testing procedures (including unit testing, peer review, integration, regression and user acceptance), project health metrics, change requirements, and resourcing requirements.	IT Infrastructure Business / IT Applications and Systems IT Operations Strategic Planning Communication	$46,000
10	**Ransomware Review**	As part of this project, Protiviti will review CFX's ability to prevent a ransomware attack against the organization. Controls surrounding email systems, open network ports, and USB ports will be reviewed as each of these is a channel through which ransomware may enter an organization. Controls that could contain a ransomware outbreak will also be reviewed to assess the effect of an outbreak within the organization should perimeter controls fail. Backup and recovery practices will be reviewed to determine CFX's ability to resume normal business function should ransomware spread throughout the organization.	Cyber / Data Security Public Relations Insurance Coverage	$35,000
11	**Cyber Security Incident Response Review**	Internal Audit will review CFX's Cyber Security Incident Response program by assessing the current incident response strategy as well as the related employee training, policies and procedures, and supporting technologies deployed throughout the environment.	Cyber / Data Security Public Relations Communication Insurance Coverage	$35,000

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FY 2019 INTERNAL AUDIT PROJECT DESCRIPTIONS

#	Project	Project Description	Risks	Estimated Cost
12	**Tolling System Replacement Review – LENS Access**	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.	Business / IT Applications and Systems Toll Collections	$20,000
13	**PCI Assessment with Report on Compliance**	This project will be to fully test CFX'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 / Data Security	$85,000

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APPENDIX A
INTERNAL AUDIT CHARTER

INTERNAL AUDIT CHARTER

Central Florida Expressway Authority
Fiscal 2019 Internal Audit Department Charter

Mission & Purpose

The mission of the internal audit department is to provide CFX Board with independent, objective assurance and consulting ser vices 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 Expressway resources are responsibly and effectively managed to achieve intended results. The internal audit department helps the Expressway accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk ma nagement, 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 Inte rnal 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 appl icable to guide operations. In addition, the internal audit activity will adhere to the Expressway's relevant policies and procedures and the internal audit activity's standard operating procedures manual. Internal Audit will report periodically to senior management and the Board r egarding the internal audit department's conformance to the Code of Ethics and the Standards.

Authority

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

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INTERNAL AUDIT CHARTER

Authority (continued)

- Approve the internal audit department's charter.
- Approve the risk-based audit plan.
- Approve the internal audit department's budget and resource plan.
- Receive communications on the internal audit department's performance relative to its plan and other matters.
- Make appropriate inquiries of management and internal audit department 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 the internal audit department 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, the Internal Audit Department 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/calendar year. The Internal Audit Department 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. The Internal Audit Department 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.

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INTERNAL AUDIT CHARTER

Independence & Objectivity

The internal audit activity will remain free 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 auditors 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, the internal audit function has no direct responsibility or any authority over any of the activities or operations of the Expressway. 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 CFX employee not employed by the internal audit department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

The Internal Auditor will disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties. The Internal Auditor will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. The Internal Auditor 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.

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

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INTERNAL AUDIT CHARTER

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. The internal audit department 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.

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INTERNAL AUDIT CHARTER

Responsibility

The internal audit department'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 the internal audit department 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 the internal audit department.
- 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 the internal audit department with the Standards, with the following qualifications:
    - If the internal audit department is prohibited by law or regulation from conformance with certain parts of the Standards, the internal audit department 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, the internal audit department will ensure conformance with the Standards, even if the internal audit department also conforms with the more restrictive requirements of other authoritative bodies.

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INTERNAL AUDIT CHARTER

Reporting & Monitoring

A written report will be prepared and issued by the Internal Audit Department 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.

The internal audit activity 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.

The Internal Audit Department will periodically report to senior management and the Board on the internal audit activity'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 & Improvement Program

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

The Internal Audit Department will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years by a qualified, independent assessor or assessment team from outside the Expressway Authority.

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APPENDIX B
ENTERPRISE RISK ASSESSMENT

ENTERPRISE RISK ASSESSMENT

To assist with the development of the fiscal 2019 Internal Audit Plan, Internal Audit used the prior year risk model as the starting point for discussions with the Board and management. Internal Audit asked the Board and management to consider the current business environment, critical business initiatives, and prior year audit results to provide input on which risks warranted the most focus in today's environment. In addition, management was asked to identify any new risks that may not have been considered in past years for inclusion in the current risk model.

Internal Audit utilized the aggregated input obtained during interviews with the Board and management and from risk surveys of management to develop a list of potential internal audit projects for fiscal 2019, with the objective being to help the Audit Committee and management mitigate areas of highest residual risk, monitor areas of high inherent risk, or to mitigate areas where risks are trending higher.

Risk is defined as follows:

Risk:

- Is the possibility of an event occurring that will have a negative impact on the achievement of goals and objectives and could also include the cost of missing an opportunity.

Inherent Risk:

- Is the amount of risk to the business given the environment in which it operates, without considering the application of controls. The risks identified on the following page represent the risk areas deemed most important for CFX to manage and control in order to achieve its goals and objectives.
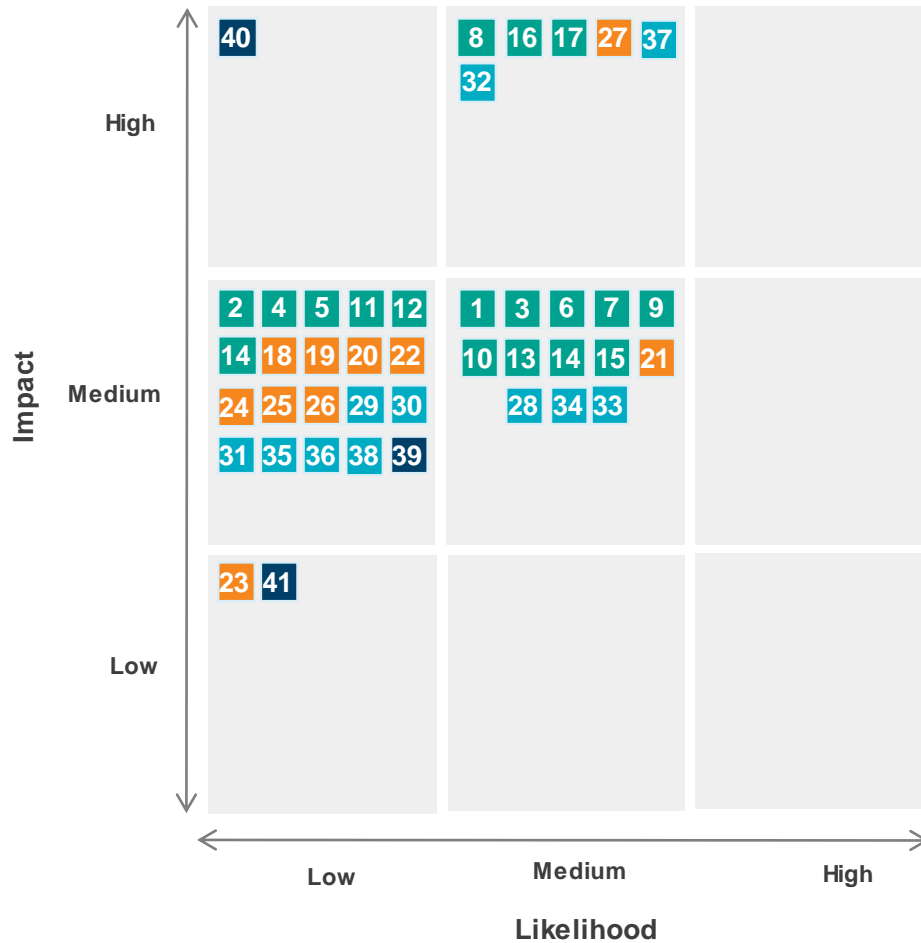
Residual Risk:

- Is the amount of risk remaining after the application of management controls. Residual risk was judgmentally considered for purposes of this fiscal 2019 audit plan in the selection of potential projects for inclusion in the plan. The results of the residual risk assessment are depicted via the Enterprise Risk Map on the following pages.

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ENTERPRISE RISK MODEL

Strategic and Governance			
1. Strategic Planning	**7. Governance**	**13. Public Relations**
2. Organization Structure	8. Political Environment	14. National Interoperability
3. Contingency Planning	9. Ethical Compliance	15. Toll Rate Management
4. Regulatory Changes	**10. Communication**	16. Asset and Liability Transfer Risk
5. Access to Capital	11. Leadership	17. Multimodal Opportunities
6. Statewide Interoperability	12. Outsourcing	

Financial		
18. Fraud	**23. Cash Handling**
19. Management Performance Reporting	**24. Procurement and Vendor Selection**
20. Bond Financing / Covenant Compliance	**25. Contract Performance Reporting**
21. Cost Containment	**26. Financial Reporting**
22. Treasury and Liquidity Management	27. Right of Way

Operations and IT		
28. Toll Violations	34. Business Continuity / Disaster Recovery
29. Toll Collections	**35. Insurance Coverage**
30. Business / IT Applications and Systems	**36. Customer Satisfaction**
31. Human Resources	**37. Cyber / Data Security**
32. IT Infrastructure	38. Toll Discounts / Rebates
33. IT Operations	

Regulatory and Compliance		
39. Contract Management	41. Records Management
40. Maintenance and Safety	

Bold represents risks addressed by the FY 2019 Internal Audit plan.

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ENTERPRISE RISK MAP – RESIDUAL RISK

Strategic and Governance

1	Strategic Planning
2	Organization Structure
3	Contingency Planning
4	Regulatory Changes
5	Access to Capital
6	Statewide Interoperability
7	Governance
8	Political Environment
9	Ethical Compliance
10	Communication
11	Leadership
12	Outsourcing
13	Public Relations
14	National Interoperability
15	Toll Rate Management
16	Asset and Liability Transfer Risk
17	Multimodal Opportunities

Operations and IT

28	Toll Violations
29	Toll Collections
30	Business/IT Application Controls
31	Human Resources
32	IT Infrastructure
33	IT Operations
34	Business Continuity/Disaster Recovery
35	Insurance Coverage
36	Customer Satisfaction
37	Cyber / Data Security
38	Toll Discounts/Rebates

Regulatory and Compliance

39	Contract Management
40	Maintenance and Safety
41	Records Management

Financial

18	Fraud
19	Management Performance Reporting
20	Bond Financing/Covenant Compliance
21	Cost Containment
22	Treasury and Liquidity Management
23	Cash Handling
24	Procurement and Vendor Selection
25	Contract Performance Reporting
26	Financial Reporting
27	Right of Way

Impact / Likelihood grid:

- High impact, Low likelihood: 40
- High impact, Medium likelihood: 8, 16, 17, 27, 37, 32
- Medium impact, Low likelihood: 2, 4, 5, 11, 12, 14, 18, 19, 20, 22, 24, 25, 26, 29, 30, 31, 35, 36, 38, 39
- Medium impact, Medium likelihood: 1, 3, 6, 7, 9, 10, 13, 14, 15, 21, 28, 34, 33
- Low impact, Low likelihood: 23, 41

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KEY FRAUD RISKS

As part of the Enterprise Risk Assessment, Internal Audit discussed potential fraud risk scenarios with management and the Board and identified the following potential fraud scenarios for consideration when executing FY 2019 Internal Audit work.

- Unauthorized / improper use of corporate credit cards / misuse of funds
- Awarding of work to related parties
- Bribery / kickback to award bids
- Management disclosure of confidential information during procurement
- Theft or misuse of confidential financial information
- Billing for work not performed or vendor overbillings
- Circumvention of procurement
- Selective disclosure to Board or public
- Earnings management
- Management override of controls
- Nepotism
- Use of confidential information for personal gain
- Solicitation
- Unauthorized adjustment of salary / wages

- Creation of ghost vendors or employees
- Manual journal entries
- Partner billings / payments
- Adjustment to customer accounts
- Theft of cash
- Toll violations
- Counterfeit cash
- Price fixing
- Bid rigging
- Off contract agreements
- Payment of false invoices / invoices do not match contract terms
- Misuse of company assets / theft of company assets
- Falsification of hours worked
- Theft / forgery of payroll or blank checks
- Improper changes to vendor data to misdirect payments

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APPENDIX C
OTHER POTENTIAL AUDITS

OTHER POTENTIAL AUDITS NOT SELECTED FOR 2019 INTERNAL AUDIT PLAN

#	Project	Project Description	Risks
1	**Ethics Policy Compliance Audit**	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
2	**IT General Controls Review**	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.	Business / IT Applications and Systems IT Infrastructure
3	**Information Security Risk Assessment**	Protiviti will conduct a risk assessment of CFX's IT function that will identify asset groupings within the environment and assign them a value 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. This project will be conducted in two phases.	Cyber / Data Security
4	**Public Records Review**	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
5	**Safety and Maintenance Policy and Procedures Compliance Audit**	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 reduce the risk of wrong way driving), vendor management programs, and to test compliance with the safety and maintenance policies and procedures.	Maintenance and Safety

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OTHER POTENTIAL AUDITS NOT SELECTED FOR 2019 INTERNAL AUDIT PLAN

#	Project	Project Description	Risks
6	**Bond Financing Review**	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
7	**Business Continuity Management Review**	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 / Disaster Recovery
8	**Purchasing Spend Data Audit**	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
9	**Accounting System Access and Segregation of Duties Review**	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
10	**Human Resources Process Review**	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

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OTHER POTENTIAL AUDITS NOT SELECTED FOR 2019 INTERNAL AUDIT PLAN

#	Project	Project Description	Risks
11	**Toll Violations and Pay-by-Plate Audit**	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 Business / IT Applications and Systems Customer Satisfaction
12	**COSO 2013 Governance Review**	This audit will involve an evaluation of the Expressway Authority's governance procedures and internal controls leveraging the COSO 2013 internal control framework and the new COSO ERM framework.	Governance Ethical Compliance
13	**Right of Way Audit**	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
14	**P-Card and Gas Card Audit**	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
15	**Marketing Retail Transponder Sales Review**	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

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OTHER POTENTIAL AUDITS NOT SELECTED FOR 2019 INTERNAL AUDIT PLAN

#	Project	Project Description	Risks
16	**Social Media Process Review**	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 Cyber / Data Security
17	**ISO 27001 Information Security Review**	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 / Data Security
18	**Sensitive Data/Data Management Review**	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 / Data Security
19	**Vendor Security Review**	This review will assess the security of vendor IT connections that come into the Authority's environment, as well has the design and operating effectiveness of the security configurations and controls that surround the Authority's data within vendor's environments.	Cyber / Data Security

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