

**MINUTES
CENTRAL FLORIDA EXPRESSWAY AUTHORITY
AUDIT COMMITTEE MEETING
November 21, 2014**

Committee Members Present:

Ray Elwell, City of Orlando Representative
Eric Gassman, Orange County Representative
Kaye Dover, Osceola County Representative
Bruce McMenemy, Seminole County Representative

Committee Member Absent:

Barbara Lehman, Lake County Representative

Also Present:

Angela Carloss, Recording Secretary/Administrative Coordinator
Lisa Lombard, Interim Chief Financial Officer
Laura Kelley, Deputy Executive Director of Finance & Administration
Linda Brehmer Lanosa, Deputy General Counsel
Michelle Maikisch, Director of Public Affairs and Communications
Phil Fretwell, Protiviti
Jeff Tecau, Protiviti
David Taylor, Protiviti
Joel Knopp, Moore Stephens Lovelace
Dan O'Keefe, Moore Stephens Lovelace

CALL TO ORDER

The meeting was called to order at 9:00 a.m. by Eric Gassman, who is Chair of the Audit Committee, per the charter.

Linda Brehmer Lanosa, Deputy General Counsel, gave the committee an introduction to Sunshine Law and the CFX Ethics Policy.

INTRODUCTIONS

Those in attendance at the meeting introduced themselves.

PUBLIC COMMENT

There was no public comment.

APPROVAL OF MINUTES

Mr. Elwell and Mr. Gassman were on the previous Audit Committee and were able to attest to the accuracy of the minutes.

A motion was made by Mr. Elwell and seconded by Mr. Gassman to approve the August 21, 2014 Audit Committee minutes as presented. The motion carried unanimously; Ms. Lehman was not present.

AUDIT OF FY 2014 FINANCIAL STATEMENTS

Dan O'Keefe and Joel Knopp of Moore Stephens Lovelace presented the Audited Financial Statements for Fiscal Year 2014 as part of their required communications. They submitted the financial statements to the Government Finance Officers Association for the Achievement for Excellence in Financial Reporting.

A motion was made by Ms. Dover and seconded by Mr. McMenemy to accept the Fiscal Year 2014 Financial Statements as presented. The motion carried unanimously; Ms. Lehman was not present.

MANAGEMENT'S REPORTS ON RISK ASSESSMENT AND INTERNAL CONTROL MATTERS

Staff presented regarding risk assessment and internal control matters. Laura Kelley, Deputy Executive Director of Administration and Finance, presented on the System for Assessing and Monitoring Significant Risks. Lisa Lumbard, Interim Chief Financial Officer, presented on the Effectiveness of Internal Controls. Ms. Lanosa presented regarding the System for Maintaining Compliance with Laws and Regulations, System for Monitoring Compliance with Code of Ethics, and the Effectiveness of the Hotline Reporting System. There have been no calls to the hotline this year.

INTERNAL AUDIT BACKGROUND AND STATUS OF FY 2015 INTERNAL AUDIT PLAN

Phil Fretwell of Protiviti introduced the background information of Internal Audit for the new members of the Audit Committee and reviewed the Internal Audit Plan for Fiscal Year 2015 (attached). The FY 2015 Internal Audit Plan will have to be revisited throughout the year as some time was built in for certain audits that need time to develop, such as All Aboard Florida. It was also mentioned that Linda Brehmer Lanosa would be the designated General Counsel for the Audit Committee going forward.

CONTRACTS AUDIT REPORT

Jeff Tecau of Protiviti presented the Contracts Audit report. This audit report is the first audit since 2009 that is free of audit findings. The report is attached.

A motion was made by Mr. Elwell and seconded by Mr. McMenemy to accept the Contracts Audit Report as presented. The motion carried unanimously; Ms. Lehman was not present.

PCI REPORT ON COMPLIANCE

David Taylor of Protiviti presented the 2014 Payment Card Industry (PCI) Report for acceptance.

The PCI Assessment with Report on Compliance is a restricted report for security reasons. The report was provided and subsequently collected by the Internal Auditor at the meeting.

Please note: "This document is exempt from public records disclosure pursuant to F.S. 282.318. It shall not be copied or distributed in any manner. It may not be inspected or reviewed by any persons other than those authorized by CFX to receive it. Upon conclusion of review, those persons authorized shall return the document to the CFX Internal Auditor."

It was noted that they are currently in the process of a PCI Gap Assessment due to an update in PCI standards in 2015.

A motion was made by Ms. Dover and seconded by Mr. Elwell to accept the PCI Assessment with Report on Compliance. The motion carried unanimously.

PRIOR AUDIT RECOMMENDATIONS FOLLOW-UP AUDIT

Laura Kelley reviewed the Prior Audit Recommendations Follow-Up. There are no new Past Due items; however, Ms. Kelley covered the Past Due items for the benefit of the new Committee members. This item does not go to the Board unless there are items that the Committee feels needs Board attention.

A motion was made by Mr. McMenemy and seconded by Mr. Elwell to accept the Prior Audit Recommendations Follow-Up. The motion carried unanimously.

AUDIT COMMITTEE CHARTER

Protiviti provided the Charter and a matrix of responsibilities that the Audit Committee must complete each year. Much of this matrix was covered at this meeting. Protiviti asked the Committee to review and accept the new Audit Committee Charter.

A motion was made by Ms. Dover and seconded by Mr. Elwell to accept the Audit Committee Charter as presented. The motion carried unanimously.

ADJOURNMENT

The meeting adjourned at 10:14 a.m.

MINUTES
CENTRAL FLORIDA EXPRESSWAY AUTHORITY
AUDIT COMMITTEE MEETING
November 21, 2014

Pursuant to the Florida Public Records Law and CFX Records Management Policy, audio tapes of all Board and applicable Committee meetings are maintained and available upon request to the Custodian of Public Records at publicrecords@CFXway.com or 4974 ORL Tower Road, Orlando, FL 32807.

Central Florida Expressway Authority
Audit Committee Meeting Agenda
November 21, 2014, 9:00 to 10:30 AM

I. Call to Order and Public Comment

Pursuant to Florida Statute 286.0114 (2013), the Audit Committee will allow public comment on any matter either identified on this meeting agenda as requiring action, or anticipated to come before the Committee for action in reasonable proximity to this meeting. Speakers shall be limited to three minutes per person and the assignment of one person's time to another or designation of group spokesperson shall be allowed at the discretion of the Committee Chairman.

II. Introductions – *Info Item*

III. Approval of Minutes of August 21, 2014 - (Tab A) – *Action Item*

IV. Review and Acceptance of Audit of Fiscal 2014 Financial Statements, Required Communications – Moore, Stephens, Lovelace (Tab B) – **Action Item**

V. Management's Reports on Risk Assessment and Internal Control Matters – Info Item

A. Effectiveness of System for Assessing and Monitoring Significant Risks

B. Effectiveness of Internal Controls

C. Effectiveness of System for Maintaining Compliance with Laws and Regulations

D. Effectiveness of System for Monitoring Compliance with Code of Ethics

E. Effectiveness of Hotline Reporting System

VI. Internal Audit Matters – Protiviti (Tab C)

A. Internal Audit Background and Status of Fiscal 2014 Internal Audit Plan – *Info Item*

B. Review and Acceptance of Contracts Audit Report – *Action Item*

C. Review and Acceptance of PCI Report on Compliance – *Action Item*

D. Review and Acceptance of Prior Audit Recommendations Follow-Up Report – *Action Item*

VII. Review and Approval of Audit Committee Charter (Tab D) – *Action Item*

VIII. Adjournment

A.

**MINUTES
CENTRAL FLORIDA EXPRESSWAY AUTHORITY
AUDIT COMMITTEE MEETING
August 21, 2014**

Committee Members Present:

Ray Elwell, City of Orlando Representative
Eric Gassman, Orange County Representative
Bill Merck, Community Member

Committee Members Absent:

Vacant, Board member
Vacant, Board member

Also Present:

Joe Passiatore, General Counsel
Angela Carloss, Recording Secretary/Administrative Coordinator
Lisa Lumbar, Interim Chief Financial Officer
Phil Fretwell, Protiviti
Jeff Tecau, Protiviti
Laura Kelley, Deputy Executive Director of Finance & Administration

Participating via phone:

David Taylor, Protiviti

CALL TO ORDER

The meeting was called to order at 9:00 a.m. by Eric Gassman, who served as chair for this meeting.

PUBLIC COMMENT

There was no public comment.

APPROVAL OF MINUTES

A motion was made by Mr. Elwell and seconded by Mr. Merck to approve the April 21, 2014 Audit Committee minutes as presented. The motion carried unanimously; Board Members are not present as positions are vacant.

FY 2014 INTERNAL AUDIT PLAN UPDATE

Phil Fretwell of Protiviti gave a brief update of the Internal Audit Plan. Protiviti has completed the Internal Audit Plan for FY 2014 with the acceptance of today's audits, and is under budget for the year.

REVIEW AND ACCEPTANCE OF SENSITIVE DATA AUDIT REPORT

David Taylor of Protiviti presented the Sensitive Data Audit Report for acceptance.

The Sensitive Data Audit Report is a restricted report for security reasons. The report was provided and subsequently collected by the Internal Auditor at the meeting.

Please note: "This document is exempt from public records disclosure pursuant to F.S. 282.318. It shall not be copied or distributed in any manner. It may not be inspected or reviewed by any persons other than those authorized by CFX to receive it. Upon conclusion of review, those persons authorized shall return the document to the CFX Internal Auditor."

The Committee instructed Protiviti to add this audit report to the list of items for follow up to assure sensitive information is removed in accordance with the report.

A motion was made by Mr. Merck and seconded by Mr. Elwell to accept the Sensitive Data Audit Report as presented. The motion carried unanimously; Board Members are not present as positions are vacant.

REVIEW AND ACCEPTANCE OF BUSINESS IMPACT ANALYSIS REPORT

David Taylor of Protiviti presented the Business Impact Analysis Report for acceptance.

The Business Impact Analysis Report is a restricted report for security reasons. The report was provided and subsequently collected by the Internal Auditor at the meeting.

Please note: "This document is exempt from public records disclosure pursuant to F.S. 282.318. It shall not be copied or distributed in any manner. It may not be inspected or reviewed by any persons other than those authorized by CFX to receive it. Upon conclusion of review, those persons authorized shall return the document to the CFX Internal Auditor."

A motion was made by Mr. Elwell and seconded by Mr. Merck to accept the Business Impact Analysis as presented. The motion carried unanimously; Board Members are not present as positions are vacant.

REVIEW AND ACCEPTANCE OF PROPOSED FISCAL YEAR 2015 INTERNAL AUDIT PLAN

Phil Fretwell and Jeff Tecau reviewed the proposed FY2015 Internal Audit Plan (attached). Board Members were not included in the interview process due to the changes in the Board during the process.

Note that the PCI Compliance Audit is a separate contract. The Ethics Policy and Senate Bill 230 are to be audited as one project.

The Committee suggested that the All Aboard Florida Audit have the budget reduced by \$8,100 and have the timing of that audit be subject to approval by the Audit Committee based on where the Authority is in the process.

A motion was made by Mr. Merck and seconded by Mr. Elwell to approve the Fiscal 2015 Internal Audit Plan subject to the All Aboard Florida Audit budget reduced by \$8,100 and the timing of that audit subject to approval by the Audit Committee. The motion carried unanimously; Board Members are not present as positions are vacant.

RESPONSIBILITIES UNDER AUDIT COMMITTEE CHARTER

As the meeting was a short meeting, this was not able to be covered. It was decided that this would be reviewed at the first meeting by the new members of the Audit Committee.

OTHER BUSINESS

The Committee thanked Mr. Merck for his service on the Audit Committee, as the proposed new Audit Committee structure does not include a community member.

ADJOURNMENT

The meeting adjourned at 9:46 a.m.

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B.



**MOORE STEPHENS
LOVELACE CPAs & ADVISORS**

**CENTRAL FLORIDA
EXPRESSWAY AUTHORITY**

**REQUIRED AUDITOR COMMUNICATIONS
FISCAL YEAR ENDED JUNE 30, 2014**

Presented by:
Dan O'Keefe, CPA, MBA, CFE
Shareholder

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AUDIT OVERVIEW

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Services and Deliverables

- Engaged to audit CFX's financial statements for the year ended June 30, 2014.
- Issued an opinion as to whether or not CFX's financial statements are presented fairly, in all material respects, in conformity with GAAP.



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Other Reports

- **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**
- **Report on Compliance with Bond Covenants**
- **Examination Report on Investment Compliance**
- **Management Letter**



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Management Responsibilities

Management Responsibilities included:

- Establishing and maintaining internal controls, as well as monitoring internal controls
- Selecting and applying appropriate accounting and reporting principles
- Making all financial records and related information available to us
- Disclosing any related parties
- Adjusting the financial statements for material misstatement
- Designing and implementing programs to prevent and detect fraud
- Informing us of any known or suspected fraud or illegal acts or allegations of same without regard to materiality



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Auditor Responsibilities

Auditor Responsibilities included:

- Performing our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* and the Rules of the Auditor General.

These standards are designed to provide reasonable, but not absolute, assurance that the financial statements are free of material misstatement.



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Internal Controls

We considered CFX's internal controls over financial reporting as a basis for designing our audit procedures.

We did not express an opinion on the effectiveness of CFX's internal controls.



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Compliance

We performed tests of the CFX's compliance with laws, regulations, contracts, bond covenants, and grant agreements, as applicable.



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Communication of Significant Matters

There were no audit adjustments made during the course of the audit.

There were no unreported or unadjusted differences.

We had no disagreements with management.

As far as we know, management did not receive opinions from other accountants.



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Risk-Based Audit Approach

A Risk-Based Audit Approach requires the use of our professional judgment in determining materiality and audit areas of significance.

Our procedures included:

- **Testing transactions on a sample basis**
- **Verifying account balances we deemed significant**
- **Analysis of relevant controls**
- **Inquiry**
- **Analytics**
- **Other procedures we deemed necessary**

MSL

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Management Representations

We obtained certain representations from management, including:

- **Records provided complete**
- **No known communications from regulatory agencies concerning noncompliance**
- **Responsible for internal controls**
- **No undisclosed knowledge of fraud or suspected fraud**
- **Financial statements complete**
- **Responsible for compliance**
- **Complied with contractual obligations**



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Assigned Individuals

CFX identified Lisa Lumbard, Interim CFO, as the management-level individual to oversee our work and take responsibility for CFX's financial statements.

Our Team was made up of:

- **Governmental Specialists**
- **IT Specialists**



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Audit Schedule

Audit Stage	Dates
Interim fieldwork	June 2014
Year-end fieldwork	Aug. 2014 – Sept. 2014
Review of Financial Statements	Oct. 2014
Presentation to the Audit Committee	November 2014
Submission to State	November 2014
Submission of CAFR to GFOA	December 2014

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FINANCIAL HIGHLIGHTS

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Financial Highlights - Overview

(in thousands)

	Year Ended 6/30/14
Total Assets and Deferred Outflows	\$ 4,534,000
Total Liabilities and Deferred Inflows	\$ 3,155,000
Net Position	\$ 1,379,000
Operating Revenue	\$ 326,000
Operating Expenses	\$ 77,000
Operating Income	\$ 249,000
Change in Net Position	\$ 153,000
% Increase in Operating Revenue	7.2%
% Decrease in Operating Expense	(1.2)%



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Financial Highlights – Balance Sheets

(in thousands)

	2014	2013
Unrestricted Assets	\$ 481,000	\$ 365,000
Restricted Assets	176,000	280,000
Capital Assets	3,588,000	3,478,000
Deferred Outflows of Resources	<u>289,000</u>	<u>304,000</u>
Total Assets and Deferred Outflows	<u>\$ 4,534,000</u>	<u>\$ 4,427,000</u>
Revenue Bonds Outstanding	2,675,000	2,683,000
Other Liabilities	474,000	511,000
Deferred Inflows of Resources	<u>6,000</u>	<u>6,000</u>
Total Liabilities and Deferred Inflows	3,155,000	3,200,000
Total Net Position	<u>1,379,000</u>	<u>1,227,000</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 4,534,000</u>	<u>\$ 4,427,000</u>



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Financial Highlights – Operation Overview

(in thousands)

	2014	2013
Operating Revenues	\$ 326,000	\$ 304,000
Investment and Other Income	<u>5,233</u>	<u>11,000</u>
Total Revenues	<u>331,000</u>	<u>315,000</u>
Operating Expenses	77,000	78,000
Interest Expense	<u>102,000</u>	<u>109,000</u>
Total Expenses	<u>179,000</u>	<u>187,000</u>
Change in Net Position	152,000	128,000
Net Position, Beginning of Year	<u>1,227,000</u>	<u>1,099,000</u>
Net Position, End of Year	<u>\$ 1,379,000</u>	<u>\$ 1,227,000</u>
Debt Service Ratio w/o Gas Tax Pledge	1.99	1.91



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Questions or Comments



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Central Florida Expressway Authority

Internal Audit Overview and History

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About Protiviti: Firm Overview

Protiviti (www.protiviti.com) is a global consulting firm that helps clients solve problems in finance, technology, operations, governance, risk and internal audit.

Through our network of more than 75 offices in over 25 countries, we serve more than 40 percent of FORTUNE® 1000 and Global 500 companies. We also work with smaller, growing companies, including those looking to go public, as well as with government agencies. Protiviti is a wholly owned subsidiary of Robert Half International Inc. (NYSE: RHI). Founded in 1948, Robert Half International is a member of the S&P 500 index.



About Protiviti: Our Solution Offerings

Since our founding we have grown and deepened our core solution offerings enabling us to meet critical needs of our global client base. We outline our solution offerings below and have highlighted key areas in which we have partnered with the Central Florida Expressway Authority.

Internal Audit & Financial Advisory

- Internal Audit
- Internal Audit Quality Assurance Reviews
- International Financial Reporting Standards (IFRS)
- IT Audit Services
- SOX and Financial Reporting Controls Compliance
- Data Mining & Analytics
- Financial Remediation & Reporting Compliance
- Financial Investigations
- Fraud Risk Management

Information Technology Consulting

- **Managing IT Security & Privacy**
 - Security Strategy & Program Management
 - Data Security and Privacy
 - Vulnerability Assessment
- **Managing the Business of IT**
 - Strategy and Alignment
 - IT Process Improvement
 - IT Governance and Risk Management
- **Managing Applications and Data**
 - ERP Strategy & Selection
 - Process Optimization & Automation
 - Program Management
 - Controls & Security Optimization
 - BI & Data Governance

Risk & Compliance

- Credit Risk
- Customer Engagement
- Enterprise Risk Management (ERM)
- Market & Commodity Risk
- Model Risk & Capital Management
- Operational Risk
- Strategy Communications & Change Enablement
- Anti-Money Laundering
- Regulatory Compliance

Transaction Services

Public Company Transformation

- Public Company Readiness & Roadmap Development
- Corporate Governance Advisory

M&A

- M&A Planning and Assessment
- Due Diligence Review
- Post M&A Integration

Restructuring & Litigation Services

- Corporate Restructuring & Recovery
- Litigation Consulting

Business Performance Improvement

- Capital Projects & Contracts
- Finance Optimization Services
- Performance & Information Management
- Revenue Enhancement
- Supply Chain

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2 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.

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Our Internal Audit Leadership

Our Internal Audit leadership provides the Central Florida Expressway Authority with the confidence that our professionals deliver leading internal audit practices and practical solutions targeted and customized to its needs.



- Protiviti is one of the largest firms exclusively dedicated to risk management and internal audit services with over 1,000 clients across the world.
- As of February 2014, Protiviti has approximately 550 members of The Institute of Internal Auditors. This is one of the three largest group memberships within the association.
- We are one of only six Partners in Progress with the Institute of Internal Auditors (IIA).
- We serve on the International Board of the IIA and chair its N.A. Finance Committee.
- We served on the Advisory Committee for the COSO ERM Framework.
- We were awarded The IIA's "Lawrence B. Sawyer " Award for outstanding achievement in supporting & promoting the Certified Internal Auditor Program.
- Protiviti has over 250 members of the Information Systems Audit and Control Association, the leading global organization for information governance, control, security and audit professionals.
- Forrester rated Protiviti's current offering of end-to-end risk consulting services with a score of 4.45, stating in its report that "Protiviti is a very capable firm offering a wealth of information and intellectual property that it makes readily available to its clients."
- Since Protiviti is not a public accounting firm, there are no conflicts of interest that might threaten the objectivity and independence of an organization's external audit. Protiviti also has extensive experience working with the public accounting firms (in their external audit role) when providing services.



History of Internal Audit at CFX

Protiviti was initially engaged by the Central Florida Expressway Authority as the Internal Audit Service provider in 2009 and again in 2013, each time after a competitively bid process.

As Internal Auditor, Protiviti has issued more than 40 internal audit reports, inclusive of annual risk assessments/internal audit plans and semi-annual reports on the follow-up of prior audit recommendations.

Dating to a 2005 Orange County Audit of the Authority, the Authority's management team and the Audit Committee have partnered to implement 97% of more than 280 recommendations that have been made to improve the Authority's internal control environment or to make the Authority's business processes more efficient or effective.

These 280+ recommendations are exclusive of audit work performed around PCI compliance and assistance that Protiviti has provided the Authority in its affirmation of compliance with the DHSMV Drivers License or Motor Vehicle Record Data Exchange Memorandum of Understanding, Section V – Safeguarding Information.

Twice a year, Internal Audit performs a follow-up review on the status of all open management action plans from prior year audits. A semi-annual report on the status of open action plans is prepared and presented to management and the Audit Committee. Internal Audit first began this process in June 2009 and continues to monitor and report on the Authority's status and implementation of action plans to address prior audit recommendations. Once an action plan from a prior audit is deemed completed by Authority management and independently verified by Internal Audit, it is removed from the list.

The summary table depicted on the following page presents the progress the Authority has made on the status, as of August 2014, of all recommendations issued from prior Internal Audit reports, as followed-up on by Internal Audit between the period of June 2009 and August 2014. Recommendations from prior reports have been subjectively classified by Internal Audit into different descriptive categories deemed to best reflect the nature of each recommendation.

Prior Audit History

The chart below depicts reports issued by Protiviti to CFX that did NOT result in recommendations that required management action. Instead, these projects were performed to assess risk, identify improvement opportunities, or to enable CFX to report on compliance.

Risk Assessment Activities	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Enterprise Risk Assessment and Internal Audit Plan	✓	✓	✓	✓	✓	✓	Pending
Fraud Risk Assessment		✓		✓	✓	✓	Pending
Back Office Consolidation Risk Assessment						✓	
Business Impact Analysis						✓	
Sensitive Data Review						✓	
Compliance Activities							
Payment Card Industry (PCI) Data Security Standard Report on Compliance			✓	✓	✓	✓	✓
DHSMV Data Security Assessment				✓	✓	✓	Pending
Remediation Activities							
Prior Audit Recommendations Follow-up (twice/year)		✓	✓	✓	✓	✓	✓

Prior Audit History - Recommendations Summary

The chart below depicts reports issued to CFX resulting in recommendations that required management action.

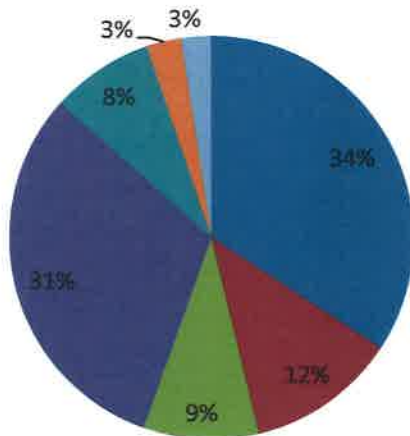
Fiscal Year	Audit Report	Procurement	Governance & Ethics	Finance & Accounting	Operations	Human Resources	Compensation & Benefits	ROW	Total Recommendations	Complete	In Process
2005	Orange County Audit**	14	0	3	0	2	5	1	25	25	0
2007	Orange County Audit**	50	8	15	0	5	2	1	81	81	0
2008	Building Audit**	0	2	0	2	0	0	0	4	4	0
2009	Vehicle Issues Audit**	8	0	0	0	0	0	0	8	8	0
2009	Toll Revenue and Violations Audit**	0	1	2	24	0	0	0	27	27	0
2009	External Auditor Management Letter Comments**	1	0	0	1	0	0	0	2	2	0
2010	Corporate Governance Audit**	0	13	0	0	0	0	0	13	13	0
2010	Citizen's Advisory Committee Support	0	4	4	14	1	1	0	24	24	0
2010	Ethics Policy Compliance Review	1	6	0	0	6	0	0	13	12	1
2010	Accounts Payable Spend Data Audit	5	0	1	0	0	0	0	6	6	0
2010	IT Change Management Review	0	0	0	5	0	0	0	5	5	0
2011	Contracts Audit	0	0	0	9	0	0	0	9	8	1
2011	TransCore Cost Validation**	0	0	0	3	0	0	0	3	3	0
2011	Vendor Billing Audit	2	0	0	0	0	0	0	2	2	0
2011	Accounting SOD and System Access Review	0	0	2	1	1	0	0	4	4	0
2011	Procurement Compliance Audit	3	0	0	0	0	0	0	3	3	0
2011	Fraud Risk Assessment and Internal Control Testing	7	0	0	0	0	0	0	7	7	0
2011	IT Strategic Alignment Benchmark Analysis	0	0	0	2	0	0	0	2	2	0
2012	Human Resources Process Review	0	0	0	0	9	0	0	9	9	0
2012	Toll Violations Audit	0	0	0	12	0	0	0	12	11	1
2012	Right of Way Acquisitions Audit	0	0	0	0	0	0	5	5	4	1
2012	Contracts Audit	0	0	0	2	0	0	0	2	2	0
2013	Procurement Audit of Competitive Bidding - Phase 1	5	0	0	0	0	0	0	5	5	0
2013	Procurement Audit of Competitive Bidding - Phase 2	2	0	0	0	0	0	0	2	2	0
2013	Toll Revenue Audit	0	0	0	6	0	0	0	6	5	1
2013	Contracts Audit	0	0	0	6	0	0	0	6	5	1
2014	Maintenance and Safety Plan Compliance Audit	1	1	0	3	0	0	0	5	2	3
2014	Contracts Audit	1	0	0	1	0	0	0	2	2	0
2015	Contracts Audit	0	0	0	0	0	0	0	0	0	0
	Total	100	35	27	91	24	8	7	292	283	9

** Projects performed by a third-party other than Protiviti

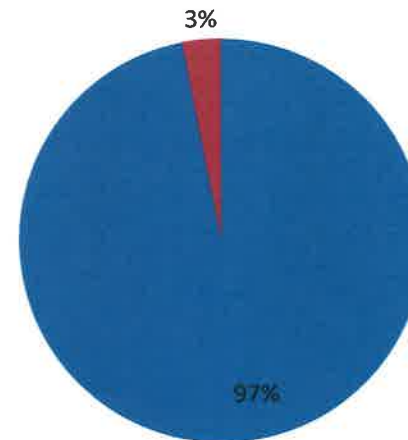
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 6 This report provides information about the condition of risks and internal controls at one point in time. Future events and changes may significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.

Prior Audit History - Recommendations Summary

**Prior Recommendations,
by Category**



**Prior Recommendations,
by Status**





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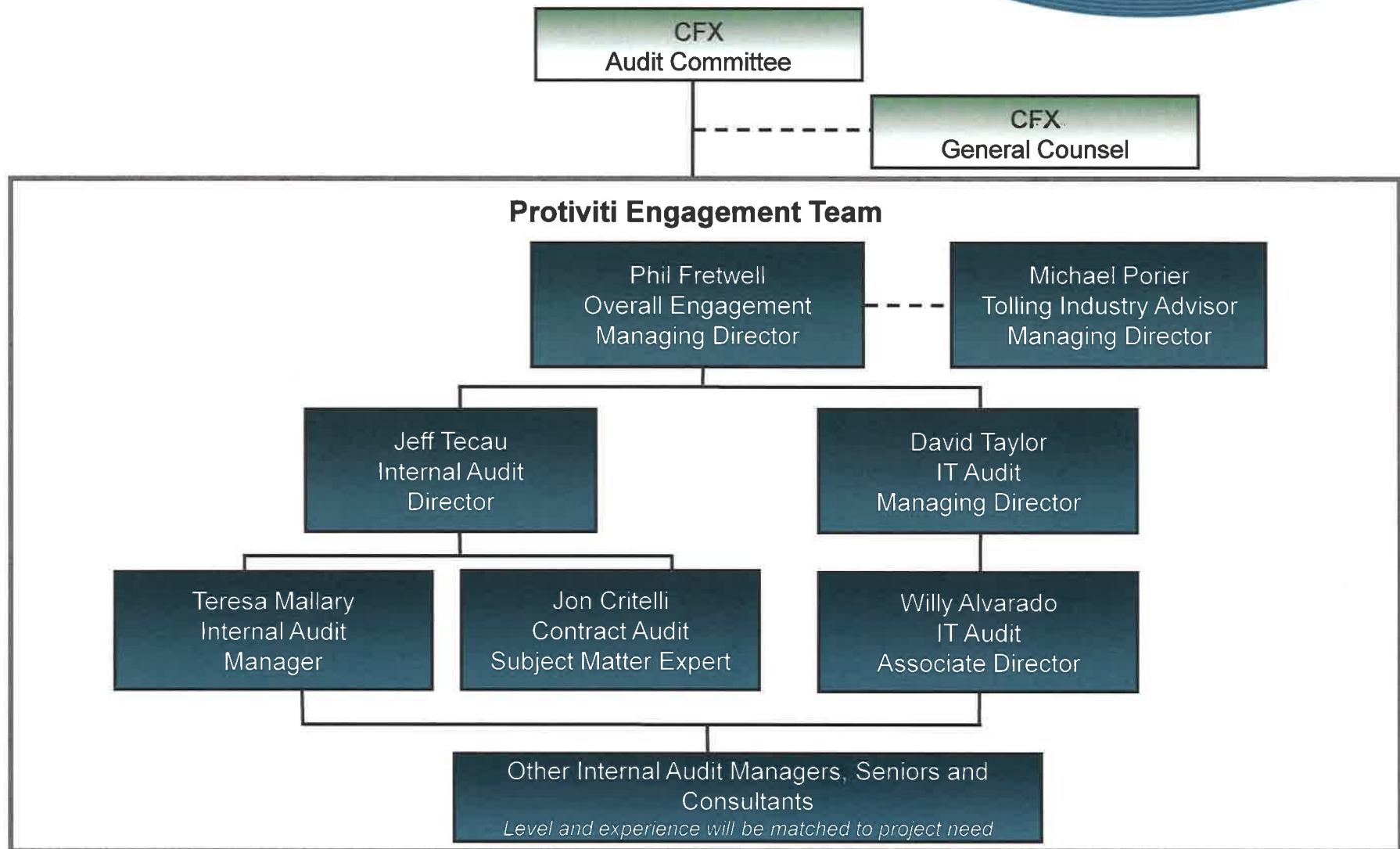
Central Florida Expressway Authority

Internal Audit Plan For the Fiscal Year Ending June 30, 2015

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Your Internal Audit Team



Background

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 2015 risk assessment was to identify and prioritize key areas of risk within the Authority to consider in designing the fiscal 2015 Internal Audit plan. The approach utilized in conducting the fiscal 2015 risk assessment and in developing the fiscal 2015 Internal Audit plan is depicted below:



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
- Review areas of potential fraud risk as identified in prior years



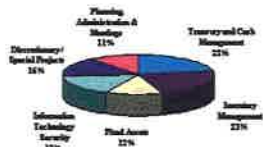
Assess & Prioritize Areas of Risk

- Conduct interviews with management to confirm and validate the current enterprise risk model and the identified fraud risks and to gain additional insight around risk trending
- Aggregate and compile resulting information
- Provide a graphical representation of enterprise risks on a risk heat map to prioritize areas of risk



Select Focus Areas

- Evaluate the prioritized enterprise risks and management commentary to determine Internal Audit focus areas for 2015
- 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



Interview List

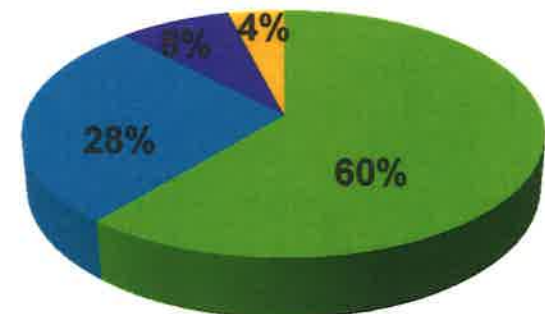
The following fifteen (15) members of management and key vendors were interviewed to gather information for the fiscal year 2015 Internal Audit plan:

<u>Name</u>	<u>Title</u>	<u>Name</u>	<u>Title</u>
Joe Berenis	Deputy Executive Director	Neel Long	Director of Human Resources
Laura Kelley	Deputy Executive Director	Corey Quinn	Director of Expressway Operations
Joe Passiatore	General Counsel	Glenn Pressimone	Project Manager, Engineering
Lisa Lumbard	Interim Chief Financial Officer	Iranetta Dennis	Director of Development
Claude Miller	Director of Procurement	Michelle Maikisch	Manager of PR and Communications
Joann Chizlett	Director of Information Technology	David Wynne	Manager of Toll Operations
Ben Dreiling	Director of Construction	Rene Rodrigue	Information Security Manager
		Dan Goff	Vendor; FTS Project Manager

Fiscal 2015 Internal Audit Plan Overview

The Authority's fiscal 2015 Internal Audit budget is \$389,000, including the PCI Assessment of \$65,100. The projects approved by the Audit Committee for inclusion in the 2015 plan are consistent with the budget. The project allocation, by type of Internal Audit project, is as follows:

	Performance and Compliance	Budget Allocation	Frequency
	- Prior Audit Recommendations: Semi-Annual Follow-up	\$18,000	Annual
	- Contract Billing Audits	\$30,000	Annual
	- Ethics Policy Compliance Audit	\$39,000	5 Year Cycle
	- 2013 COSO Framework Governance Review	\$25,000	One Time
	- All Aboard Florida Review	\$31,900	One Time
	- Back Office Customer Contact Center Review	\$50,000	One Time
	Information Technology		
	- DHSMV Data Security Assessment	\$25,000	Annual
	- PCI 3.0 Gap Assessment	\$20,000	One time
	- ITS Security Review	\$45,000	One Time
	Other		
	- Fiscal 2016 Internal Audit Plan and Risk Assessment	\$25,000	Annual
	Administration		
	- Board and Audit Committee Meetings	\$15,000	Annual
	Total Internal Audit Budget	\$323,900	
	PCI Assessment with Report on Compliance*	\$65,100 *	Annual
	GRAND TOTAL	\$389,000	



* The PCI Assessment is a separate contract and is not included in the Internal Audit contract

3 Year Internal Audit Projects Schedule

			Audit Plan Year		
Description	Frequency	Date Last Performed	2015	2016	2017
Annual Internal Audits					
Internal Audit Plan and Risk Assessment	Annual	2014	\$ 25,000	\$ 25,000	\$ 25,000
Board and Audit Committee Meetings	Annual	2014	\$ 15,000	\$ 15,000	\$ 15,000
Prior Year Recommendations: Semi-Annual Follow-up	Annual	2014	\$ 18,000	\$ 18,000	\$ 18,000
Contract Billing Audits	Annual	2014	\$ 30,000	\$ 30,000	\$ 30,000
DHSMV Data Security Assessment	Annual	2014	\$ 25,000	\$ 25,000	\$ 25,000
Total			\$ 113,000	\$ 113,000	\$ 113,000
PCI Assessment					
PCI Assessment with Report on Compliance	Annual	2014	\$ 65,100	\$ 65,100	\$ 65,100
Cyclical Audits					
Ethics Policy Compliance Audit (including SB230 review)	5 Year Cycle	2010	\$ 39,000		
Purchasing Spend Data Audit	5 Year Cycle	2010			X
Accounting System Access and SOD Review	5 Year Cycle	2011		X	
Human Resources Process Review	5 Year Cycle	2011			X
Right of Way Audit	5 Year Cycle	2012			X
Toll Violations Audit	3 Year Cycle	2012		X	
Toll Revenue Audit	3 Year Cycle	2013		X	
Procurement Audit of Large Contract Awards	3 Year Cycle	2013			X
IT General Controls Review	3 Year Cycle	N/A			X
Document Retention and Records Management Audit	3 Year Cycle	N/A			X
Sensitive Data / Data Management Review	3 Year Cycle	2014			
Maintenance and Safety Plan Compliance Audit	3 Year Cycle	2014			
Social Media Policy Audit	3 Year Cycle	N/A			X
Disaster Recovery Review	3 Year Cycle	N/A		X	
One Time Audits					
2013 COSO Framework Governance Review	One Time	N/A	\$ 25,000		
All Aboard Florida Review	One Time	N/A	\$ 31,900		
Back Office Customer Contact Center Review	One Time	N/A	\$ 50,000		
PCI 3.0 Gap Assessment	One Time	N/A	\$ 20,000		
ITS Security Review	One Time	N/A	\$ 45,000		
PCI Risk Assessment	One Time	N/A		X	
Internal Penetration Test	One Time	N/A		X	
Tolling System Replacement Implementation Review	One Time	N/A		X	
Communications Program Review	One Time	N/A		X	
Capital Projects Consultant Review	One Time	N/A		X	
IT Service Management Review	One Time	N/A		X	
Grand Total			\$ 389,000	\$ 113,000	\$ 113,000

Fiscal 2015 Internal Audit Projects

#	Project	Project Description	Risks	Estimated Cost
1	Fiscal 2016 Internal Audit Plan and Risk Assessment	We will conduct a risk assessment to highlight the Authority's current year risk profile, to identify risk trends, and to form the foundation for the fiscal year 2015/2016 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 2015/2016 Internal Audit plan, with a focus on addressing opportunities identified during the risk assessment process.	Strategic Planning Fraud	\$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 2015. This includes document preparation time and preparation time with management and the Audit Committee in advance of meetings.	N/A	\$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.	Various	\$18,000
4	Contract Billing Audits	This audit will encompass a selection of 2 or 3 large 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 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	\$30,000
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.	IT Security	\$25,000
6	Ethics Policy Compliance Review	CFX has a formal ethics policy in place and will update it to incorporate new ethics language imposed by Florida state legislation. Later in the year, 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 Behavior Financial Reporting	\$39,000

Fiscal 2015 Internal Audit Projects

#	Project	Project Description	Risks	Estimated Cost
7	2013 COSO Framework Governance Review	The <i>Committee of Sponsoring Organizations</i> of the Treadway Commission (COSO) is a voluntary private sector initiative dedicated to improving organizational performance and governance through effective internal control, enterprise risk management, and fraud deterrence. On May 14, 2013, COSO released an updated version of its Internal Control—Integrated Framework. SEC registrants subject to Sarbanes-Oxley requirements are converting to the new framework by December 15, 2014. The objective of this review will be to leverage the newly issued 2013 COSO framework and related points of focus to review CFX's governance level internal controls for gaps to leading practices.	Governance Ethical Behavior	\$25,000
8	All Aboard Florida Review	The objective of this project will be to review the background of CFX's commitments to All Aboard Florida to outline CFX's obligations, future exposures, expected spend, necessary contracting, and potential land acquisitions associated with the project.	Strategic Planning Access to Capital Political Environment Cost Containment	\$31,900
9	Back Office Customer Contact Center Review	With the existing delay of a back office consolidation of the customer contact center, Protiviti subject matter experts will conduct a performance review of the existing customer contact center operation, with a focus on risks around the efficiency and effectiveness of operations, to provide the Authority with opportunity to consider risks, results, or leading practices to put into place during the interim or to consider during an eventual move to back office consolidation. This review may entail (1) Organizational Analysis (interviews, training and quality assurance, evaluation of 3rd-party vendors/suppliers, and staffing / scheduling), (2) Detailed Contact Analysis (to collect a statistically valid sampling of calls through a combination of direct, side-by-side call observation and analysis of recorded calls to review call processing, applications used, how effectively technology and call processing is applied, what issues the agents typically face during the progress of a call, and how effectively customers are served), (3) Technology / Infrastructure Application Review, and (4) Statistical Analysis to extrapolate call handling costs and related performance.	Back Office Consolidation Cost Containment Customer Satisfaction	\$50,000

Fiscal 2015 Internal Audit Projects

#	Project	Project Description	Risks	Estimated Cost
10	ITS Security Review	Protiviti will conduct an system security review of Intelligent Transportation Systems. This review will include an assessment of access controls, hardening procedures, patching processes, and remote connectivity of ITS systems to identify security risks that exist in the ITS network.	IT Security	\$45,000
11	PCI 3.0 Gap Assessment	Protiviti will conduct a gap assessment to identify new items that must be addressed to maintain compliance with the PCI DSS under version 3.0.	IT Security	\$20,000

Fiscal 2015 PCI Assessment

#	Project	Project Description	Risks	Estimated Cost
1	PCI Assessment with Report on Compliance	This project will be to fully test the Authority's compliance with the PCI Data Security Standard, (PCI-DSS) version 3.0 and issue a Report on Compliance (ROC). The testing will cover all twelve sections of the PCI-DSS.	IT Security	\$65,100

Other Potential Internal Audit Projects Not Included in the FY15 Internal Audit Plan

#	Project	Project Description	Risk	Estimated Cost
1	Procurement Audit of Large Contract Awards	This audit will encompass a selection of large engineering and construction contract awards. The work will include testing the awarding process of contracts that are not "low bid" awards, and evaluating the process for short-listing vendors and for scoring proposals. We will review the bid packages and awarding criteria for contracts selected for audit and verify there is proper justification for each award. We will also review for any evidence of excessive vendor preference.	Procurement and Vendor Selection Fraud	\$35,000
2	Toll Violations 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	\$45,000
3	Toll Revenue Audit	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
4	Purchasing Spend Data Audit	This review will focus on a 100% interrogation of spending data over a 3 year history to identify opportunities for recovery such as vendor overpayments, unused vendor credits, etc. We will use our proprietary tools to review the 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	\$50,000
5	Capital Projects Consultant Review	The objective of this review is to analyze the key construction and engineering processes performed by third-party engineering consulting firms in support of large capital projects. We will utilize the Project Management Body of Knowledge as the framework to identify and assess key processes performed by third-party engineering consulting firms related to project scope, time, cost, quality, communications, and risk management. We will identify current controls within the various processes and test key controls for operating effectiveness. We will also identify potential control gaps within the processes and work with management to develop recommendations and next steps to address the control gaps.	Contract Management Contract Performance Reporting	\$45,000

Other Potential Internal Audit Projects Not Included in the FY15 Internal Audit Plan

#	Project	Project Description	Risk	Estimated Cost
6	Document Retention and Records Management Audit	The Authority is in process of implementing an updated document retention and records management policy. This review will focus on the Authority's processes and policies in place around records management and to comply with public records laws. 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
7	Right of Way Audit	This audit will encompass reviewing the Authority's right of way process every 5 years, including right of way acquisitions through negotiated settlement and acquisitions through the use of eminent domain. Potential areas of review around right of way acquisitions include property owner notification, business owner notification, offers, good faith negotiations, suits, agreements, closings, and settlement. Areas of review regarding potential use of eminent domain include legal settlement, mediated settlement, fees and costs, preparation of lawsuits and petitions, timing, business damage claims and costs.	Cost Containment Public Relations Records Management	\$50,000
8	Accounting System Access and Segregation of Duties Review	The financial close and related accounting processes will be reviewed for appropriate segregation of duties among Authority 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	\$20,000
9	Disaster Recovery Review	This review will focus on the IT Disaster Recovery plans, including existing policies and procedures. 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	\$35,000

Other Potential Internal Audit Projects Not Included in the FY15 Internal Audit Plan

#	Project	Project Description	Risk	Estimated Cost
10	Social Media Policy Audit	The purpose of this audit is to review the Authority's social media program, with a focus on how social media is utilized within the Authority for marketing purposes, how it is being used to enhance customer service (customers), and how social media use by employees and is monitored by the Authority for compliance (employees). Recommendations around enhancing the Authority's social media policy and process will be made around key risk exposures. Finally, testing will be performed for key controls in place.	Communications	\$30,000
11	Communications Program Review	Leverage Protiviti subject matter experts to review the Authority's communications program to create brand awareness, training and onboarding for new Board members, and enhance the overall rebranding efforts. Leading practice ideas for improving communications and marketing will be shared as appropriate.	Communications	\$30,000
12	IT Service Management Review	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
13	PCI Risk Assessment	PCI requirement 12 states that organizations must implement a risk assessment process that is performed annually, identifies critical assets (and their corresponding threats and vulnerabilities), and results in a formal risk assessment. Protiviti will conduct a risk assessment for CFX of CFX's IT environment that will identify asset groupings within the PCI environment and assign them a value. 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. Assets with higher values have higher risks, and can help prioritize actions through PCI compliance efforts.	IT Security	\$65,000
14	Internal Penetration Test	Protiviti will assess the security of internal networks, devices, and servers as part of an internal penetration test. This test will identify risks to those networks, devices, and servers posed by outdated software, missing patches, or insecure configurations. Attempts will then be made to exploit these vulnerabilities with manual techniques.	IT Security	\$25,000

Other Potential Internal Audit Projects Not Included in the FY15 Internal Audit Plan

#	Project	Project Description	Risks	Estimated Cost
15	Tolling System Replacement Implementation Review	The Authority will replace all roadside equipment, toll plaza imaging systems and host database at the toll plazas during FY15. This audit will focus on evaluating the Authority procedures for monitoring and identifying potential revenue loss that may occur during the implementation of the tolling system replacement project and identify potential revenue collections from the vendor.	Toll Collections	\$35,000
16	ISO 27001 Information Security Review	This review will compare CFX'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. Protiviti will utilize an adapted version of the Carnegie Mellon Capability Maturity Model (CMM) to report on the results. The CMM helps to identify critical areas that must be addressed before an organization can progress to a more mature state.	IT Security	\$45,000

Internal Audit Timeline

FY 2015 Estimated Project Timeline

Selected Audits

1. Fiscal 2016 Internal Audit Plan and Risk Assessment
2. Prior Audit Recommendations: Semi-Annual Follow-Up
3. Contract Billing Audits
4. DHSMV Data Security Assessment
5. Ethics Policy Compliance Review
6. 2013 COSO Framework Governance Review
7. All Aboard Florida Review *
8. Back Office Customer Contact Center Review
9. ITS System Security Review
10. PCI 3.0 Gap Assessment

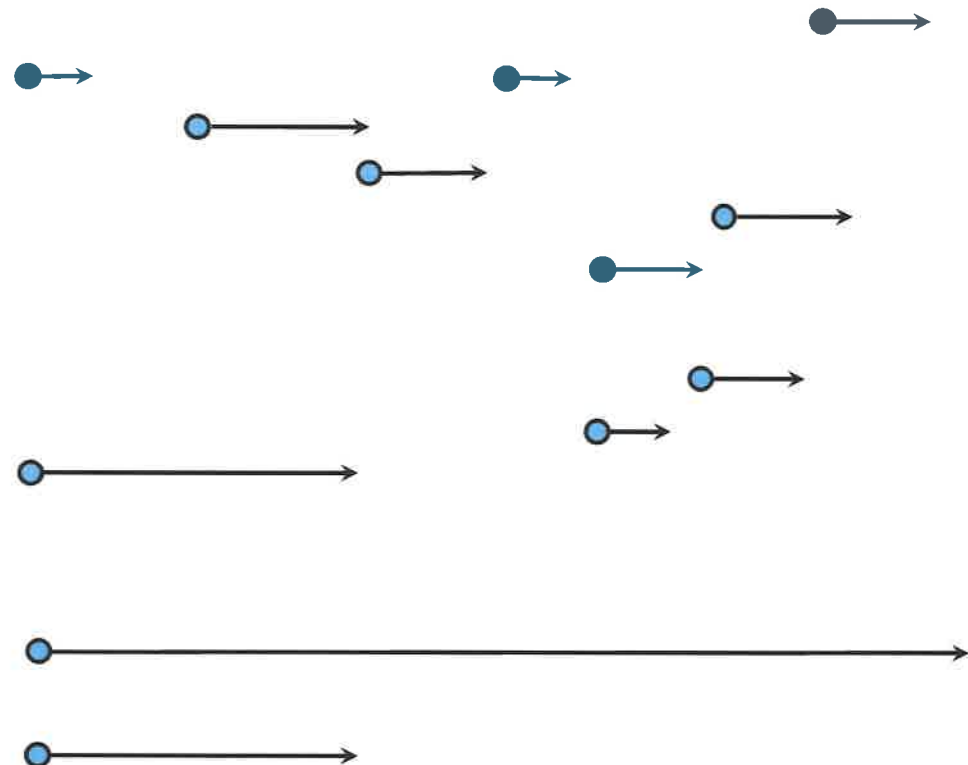
Administration

11. Board and Audit Committee Meetings

PCI Assessment

12. PCI Assessment with Report on Compliance

July Aug Sept Oct Nov Dec Jan Feb Mar Apr May June



* Timing subject to approval by the Audit Committee

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21 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.

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Appendix A

Internal Audit Charter



Internal Audit Charter

Central Florida Expressway Authority Fiscal 2015 Internal Audit Department Charter

MISSION

The mission of the internal audit department is to provide the Authority Board with unbiased, objective assessments of whether Expressway resources are responsibly and effectively managed to achieve intended results.

PURPOSE

Internal audit's purpose is to add value, improve operations, and enhance transparency. It helps the Expressway accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

INDEPENDENCE

The Internal Auditor Director is appointed by the Expressway Authority Board, and reports to them through the Audit Committee. The role of the Internal Audit Director may be filled by an outside firm that provides internal audit services to the Expressway Authority on an outsourced basis. For administrative purposes, the Internal Audit Director reports to the General Counsel. To ensure independence, the internal audit function has no direct responsibility or any authority over any of the activities or operation of the Expressway.

Internal Audit Charter

AUTHORITY

Everything the Expressway Authority does is subject to assessment by internal audit. Internal Audit shall have full, free, and unrestricted access to all activities, records, properties and personnel. The Internal Audit Director shall have direct and independent access to members of the Audit Committee. The internal audit department is authorized to allocate resources, set frequencies, select subjects, determine scopes of work for projects as approved by the Audit Committee, and apply the techniques required to accomplish audit objectives. In addition, the Internal Audit Director may obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized services from within or outside the organization, as approved by the Audit Committee.

SCOPE

Management is responsible for establishing and maintaining risk management, control, and governance processes. The scope of work of internal audit is to determine whether management's processes are adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is relevant, reliable and understandable.
- Employee actions comply with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in control processes.
- Significant legislative or regulatory issues are recognized and addressed properly.

Internal Audit Charter

RESPONSIBILITY

The internal audit department's responsibility includes, but is not limited to:

- Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Audit Committee for review and approval.
- Implement the annual audit plan, as approved, including, and as appropriate, any special tasks or projects requested by management and the Audit Committee.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Establish a quality assurance program by which the Internal Audit Director assures the operation of internal auditing activities.
- Perform consulting services, beyond internal audit's assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Issue periodic reports to the Audit Committee and management summarizing results of audit activities as well as results of internal and external assessments conducted in association with the Quality Assurance and Improvement Program.
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Provide a list of significant measurement goals and results to the Audit Committee.
- Assist in the investigation of significant suspected fraudulent activities within the organization and notify management and the Audit Committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.



Internal Audit Charter

STANDARDS

Internal audit shall comply with the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors. Consistent with the IIA Standards, internal audit recognizes the mandatory nature of the Definition of Internal Auditing, the Code of Ethics, and the IIA Standards.



Appendix B

Enterprise Risk Assessment

Enterprise Risk Assessment

To assist with the development of the fiscal 2015 Internal Audit Plan, Internal Audit used prior years' risk models and risk trending data as the starting point for discussions with management. Internal Audit asked 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 management and from risk surveys of management to develop a list of potential internal audit projects for fiscal 2015, 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 the Authority 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 2014 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.

CFX Risk Model

Strategic Execution

- Strategic Planning*
- Regulatory Changes^
- Governance*^
- Communication
- Back Office Consolidation*
- Organization Structure*
- Statewide Interoperability
- Political Environment
- Leadership
- National Interoperability
- Succession Planning*
- Access to Capital
- Ethical Behavior*^
- Outsourcing*
- Toll Rate Management

Financial Reporting

- Financial Reporting*
- Cost Containment*^
- Budgeting
- Fraud*^
- Bond Financing / Covenant Compliance
- Contract Performance Reporting*^
- Procurement and Vendor Selection*^
- Management Performance Reporting*
- Cash Handling*
- Treasury and Liquidity Management

Operational Execution

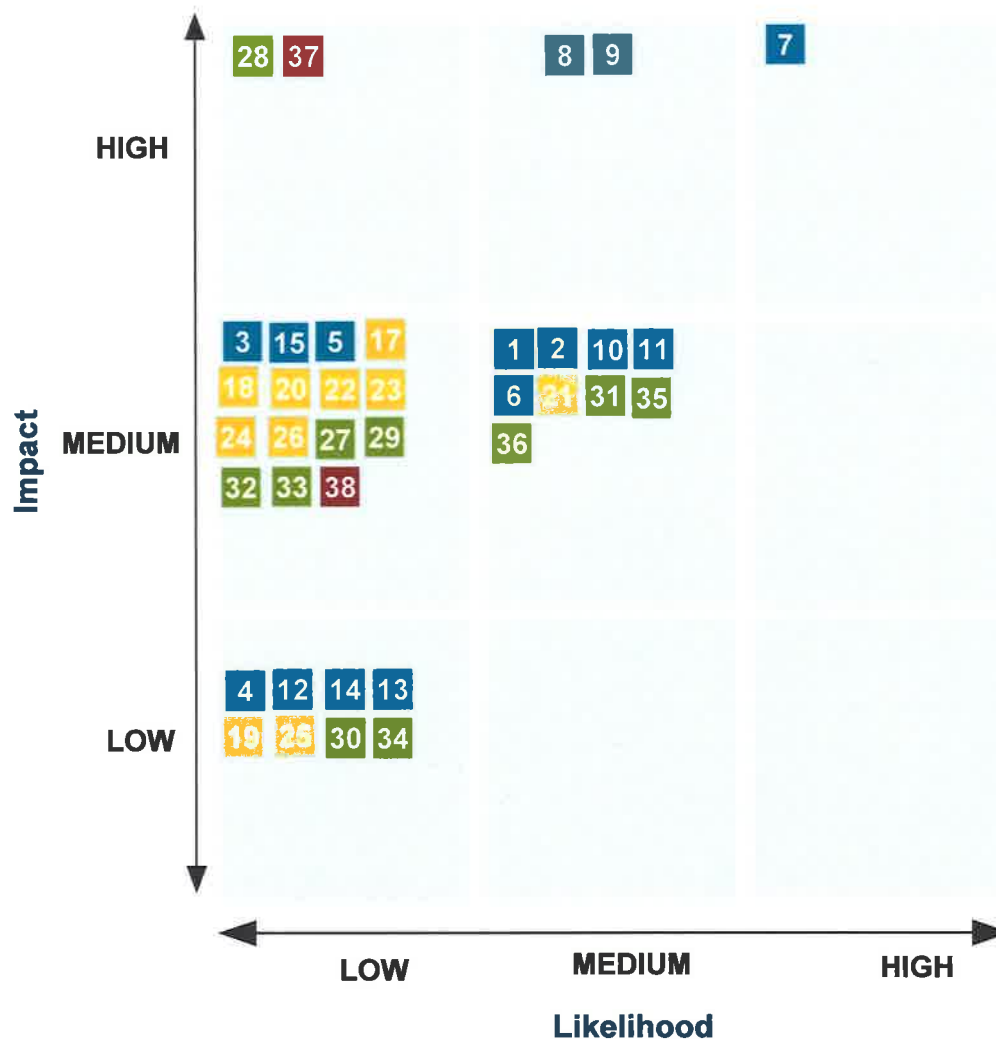
- Toll Violations*
- Toll Collections*
- IT Applications*
- Human Resources*
- Public Relations*
- IT Infrastructure* / Business Continuity*
- IT Security*^
- IT Change Management*
- Insurance Coverage
- Customer Satisfaction

Regulatory / Compliance

- Maintenance & Safety*
- Contract Management*^

- * Represents risks addressed by internal audits conducted during fiscal years 2009 – 2014.
- ^ Represents areas to be addressed by Fiscal 2015 Internal Audit projects

Enterprise Risk Map – Residual Risk



STRATEGIC EXECUTION

- 1 Strategic Planning
- 2 Organization Structure
- 3 Succession Planning
- 4 Regulatory Changes
- 5 Access to Capital
- 6 Statewide Interoperability
- 7 Governance
- 8 Political Environment
- 9 Ethical Behavior
- 10 Communication
- 11 Leadership
- 12 Outsourcing
- 13 Toll Rate Management
- 14 Back Office Consolidation
- 15 National Interoperability

OPERATIONAL EXECUTION

- 27 Toll Violations
- 28 Toll Collections
- 29 IT Application Controls
- 30 Human Resources
- 31 IT Infrastructure/ Business Continuity
- 32 IT Security and Access
- 33 IT Change Management
- 34 Insurance Coverage
- 35 Public Relations
- 36 Customer Satisfaction

REGULATORY/ COMPLIANCE

- 37 Contract Management
- 38 Maintenance and Safety

FINANCIAL REPORTING

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

*The enterprise risk rankings above are based on management's evaluation.

Risks Not Addressed through Internal Audit

Risk	Controls and/or Oversight outside of Internal Audit	Audit Committee Evaluation of Additional required Internal Audit Effort
Communication	Communication risks are principally managed through Board of Directors and Committee oversight.	None – not typically an area that can be addressed by internal audit.
Access to Capital	Capital has been achieved through bond offerings – see related risks below.	None – not typically an area that can be addressed by internal audit.
Political Environment	The political risks are managed by the Executive Director and frequent communication of issues with the Board and Committees.	None – not typically an area that can be addressed by internal audit.
Leadership	Leadership risks are managed by the Board.	None – not typically an area that can be addressed by internal audit.
Budgeting	Budgeting risks are managed by the Board and Finance Committee, including an annual presentation the budget process results by the CFO.	None – remaining risks are not significant enough to cost justify additional internal audit resources.
Bond Financing / Covenant Compliance	Outside financial advice is provided by third party firms and the external auditor considers covenant compliance in connection with the annual financial statement audit.	None – remaining risks are not significant enough to cost justify additional internal audit resources.
Treasury & Liquidity Management	Treasury and liquidity risks are managed by the CFO with oversight of the Finance Committee.	None – remaining risks are not significant enough to cost justify additional internal audit resources.
Insurance Coverage	An outside advisor was engaged in fiscal year 2013 to provide advice on insurance coverage.	None – remaining risks are not significant enough to cost justify additional internal audit resources.
Toll Rate Management	Toll rate management risks are managed by the Finance Committee	None – remaining risks are not significant enough to cost justify additional internal audit resources.
Statewide Interoperability	Statewide interoperability risks are managed by the Executive Director and overseen by Authority staff.	None – statewide interoperability is heavily impacted by data provided by third parties.
National Interoperability	National interoperability risks are managed by the Executive Director and the Board and Committees.	None – national interoperability requirements have not been defined.



Appendix C

Fraud Risk Assessment

Fraud Risk Assessment

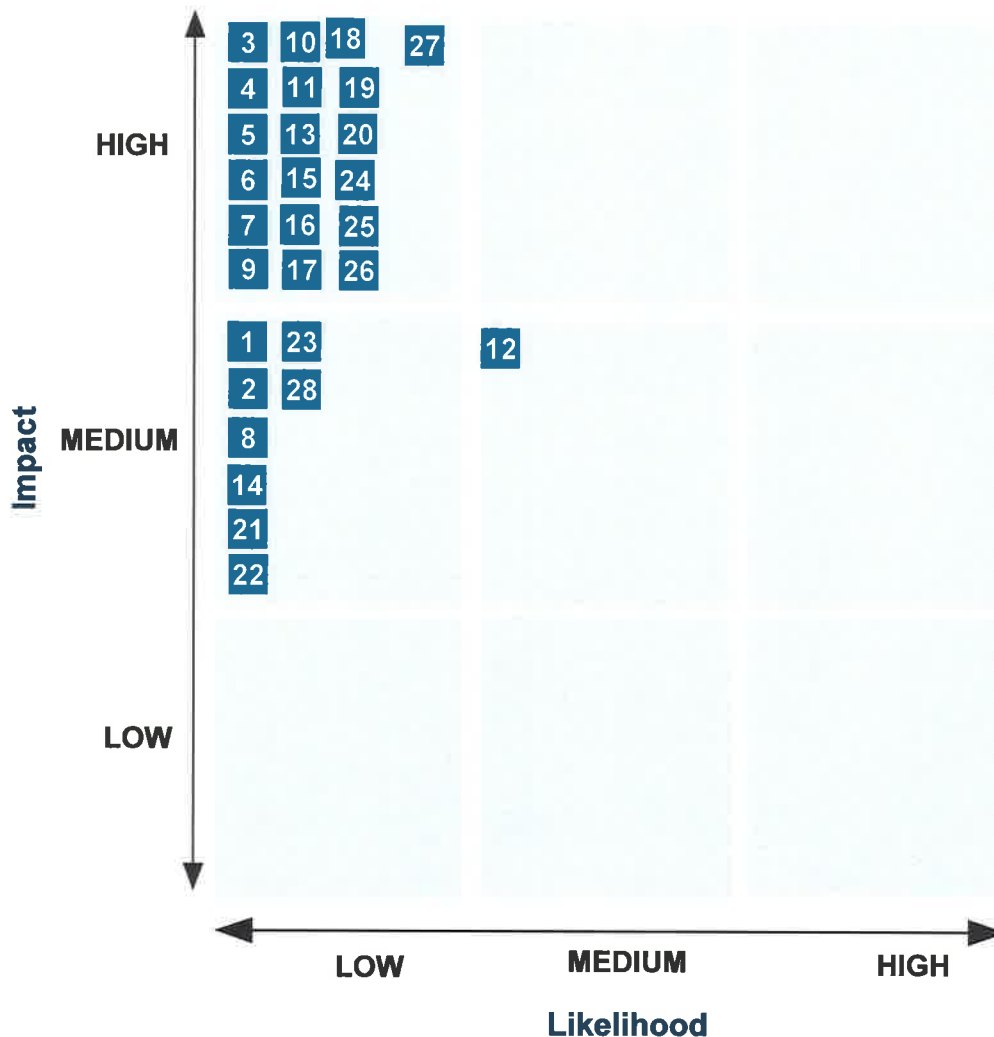
In addition to the Enterprise Risk Assessment and in conjunction with the Fiscal 2015 Internal Audit planning process, Internal Audit also executed a fraud risk assessment with the objectives of:

1. Conducting a review of the completeness of the Authority's fraud risk universe and a refresh of the fraud risk assessment last completed during Fiscal year 2014.
2. Identifying key management activities and prior audits that may help reduce exposure to the highest risk fraud scenarios, and
3. Proposing Internal Audits projects as part of this plan that may help reduce exposure to the highest risk fraud scenarios that have not been previously audited within the past 5 years or that do not appear to receive a high amount of attention from management.

Per the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing* ("Standards") *Standard 2120.A2* reads, "The internal audit activity must evaluate the potential for the occurrence of fraud and how the organization manages fraud risk."

The results of the fraud risk assessment work for the most significant or likely fraud risk scenarios are provided as part of this Appendix.

Fraud Risk Map – Residual Risk



FRAUD RISK

Management	
1	Unauthorized / improper use of corporate credit cards / misuse of funds
3	Awarding of work to related parties
4	Bribery / kickback to award bids
5	Management disclosure of confidential information during procurement
6	Theft or misuse of confidential financial information
7	Billing for work not performed or vendor overbillings
9	Circumvention of procurement
10	Selective disclosure to Board or public
18	Earnings management
20	Management override of controls
21	Nepotism
24	Use of confidential information for personal gain
25	Solicitation
26	Price fixing
27	Bid rigging
28	Off contract agreements
Employee	
2	Payment of false invoices / invoices do not match contract terms
13	Misuse of company assets / theft of company assets
14	Falsification of hours worked
15	Unauthorized adjustment of salary / wages
16	Theft / forgery of payroll or blank checks
17	Creation of ghost vendors or employees
19	Manual journal entries
23	Partner billings / payments
Third Party	
8	Adjustment to customer accounts
11	Theft of cash
12	Toll violations
22	Counterfeit cash

*The fraud risk rankings above are based on management's evaluation.

Fraud Risk Assessment Results

Risk assessment results and a gap coverage analysis for the highest ranked fraud risk scenarios are depicted below, considering management control activities, prior Internal Audits, and potential next steps / proposed future audits.

Risk #	Fraud Scenario	Relative Rating / Trend	Management Key Activity	Prior Audits	Potential Next Steps / Audits
1	Unauthorized / improper use of corporate credit cards / misuse of funds	High	Procurement policies and procedures are in place.	A. 2010 Purchasing Spend Audit	None
2	Payment of false invoices / invoices do not match contract terms	High	Procurement policies and procedures are in place.	A. 2011, 2012, 2013 and 2014 Contract Audits B. 2011 Vendor Billing Audits C. 2010 Purchasing Spend Audit	2015 Contract Audit
3	Awarding of work to related parties	High	Procurement policies and procedures are in place.	None	None proposed; typically reviewed as part of a whistleblower complaint
4	Bribery / kickback to award bids to Board or Management	High	Procurement policies and procedures are in place. Ethics policy is in place.	A. 2011 and 2013 Procurement Compliance Audit B. 2010 Ethics Policy Compliance Audit C. 2009 Corporate Governance Review	2015 Ethics Policy Compliance Audit 2015 Governance Review
5	Management disclosure of confidential information during procurement	High	Bids / proposals are sealed and opened only after the due date.	A. 2011, 2012, 2013, and 2014 Contract Audits	2015 Contract Audit
6	Theft or misuse of confidential financial information, e.g. credit card numbers, bank account information, etc.	High	Call center employees cannot see customer financial information once it is entered into the system.	A. 2014 Sensitive Data Review B. PCI Assessment with Report on Compliance	2015 PCI Assessment
7	Billing for work not performed or vendor overbillings	High	Invoices are reviewed on multiple levels prior to payment	A. 2011, 2012, 2013 and 2014 Contract Audits B. 2011 Vendor Billing Audits C. 2010 Purchasing Spend Audit	2015 Contract Audit

Fraud Risk Assessment Results

Risk #	Fraud Scenario	Relative Rating / Trend	Management Key Activity	Prior Audits	Potential Next Steps / Audits
8	Adjustment to customer accounts	High	Outsourced to Third Party	A. 2009 and 2013 Toll Revenue Audit B. 2013 Toll Revenue Audit	None
9	Circumvention of procurement	High	Procurement policies and procedures are in place.	A. 2011 and 2013 Procurement Compliance Audit	None
10	Selective disclosure to Board or public (Intentionally omitting detrimental information, debt covenant violations, ethics violations, etc.)	High	Ethics policy is in place.	A. 2010 Ethics Policy Compliance Audit B. 2009 Corporate Governance Review	2015 Ethics Policy Compliance Audit 2015 Governance Review
11	Theft of cash	High	Reconciliations are performed between cash collected, what the collector's system says should have been collected, and the treadles.	A. 2009 and 2013 Toll Revenue Audit	None
12	Toll violations	Medium	Unpaid Toll Notices are sent to violators	A. 2012 Violations Audit	None
13	Misuse of company assets / theft of company assets	High	Procurement policies and procedures are in place.	None	None; typically reviewed as part of a whistleblower complaint
14	Falsification of hours worked	Medium	Segregation of duties	A. 2011 Human Resources Process Review	None

Fraud Risk Assessment Results

Risk #	Fraud Scenario	Relative Rating / Trend	Management Key Activity	Prior Audits	Potential Next Steps / Audits
15	Unauthorized adjustment of salary/Wages	High	Segregation of duties	A. 2011 Human Resources Process Review	None
16	Theft/Forgery of payroll or blank checks	High	Segregation of duties	A. 2011 Accounting System and SOD Review	None
17	Creation of ghost vendors or employees	High	Segregation of duties	A. 2011 Accounting System and SOD Review B. 2011 Human Resources Process Review	None
18	Earnings Management	High	Assessment of earnings performed	None	None
19	Manual Journal Entries	High	Segregation of duties	A. 2011 Accounting System Access and SOD Review	None
20	Management override of controls	High	Segregation of duties	None	None; typically reviewed as part of a whistleblower complaint
21	Nepotism	Medium	Human resources policies and procedures are in place.	None	None; typically reviewed as part of a whistleblower complaint
22	Counterfeit cash	Medium	Toll lane detection software	None	None

Fraud Risk Assessment Results

Risk #	Fraud Scenario	Relative Rating / Trend	Management Key Activity	Prior Audits	Potential Next Steps / Audits
23	Partner billings / payments		Invoices are reviewed on multiple levels prior to payment	A. 2011, 2012, 2013 and 2014 Contract Audits B. 2011 Vendor Billing Audits C. 2010 Purchasing Spend Audit	2015 Contract Audit
24	Use of confidential information for personal gain	High	Conflict of interest policies are in place.	None	None; typically reviewed as part of a whistleblower complaint
25	Solicitation of the Board or Management	High	Ethics policy is in place. Procurement policies and procedures are in place.	A. 2010 Ethics Policy Compliance Audit B. 2009 Corporate Governance Review C. 2011 and 2013 Procurement Compliance Audit	2015 Ethics Policy Compliance Audit 2015 – 2013 COSO Framework Governance Review
26	Price Fixing	High	Procurement policies and procedures are in place.	A. 2011 and 2013 Procurement Compliance Audit	None
27	Bid rigging	High	Bids / proposals are sealed and opened only after the due date.	A. 2011, 2012, 2013 and 2014 Contract Audits B. 2011 and 2013 Procurement Compliance Audit	2015 Contract Audit



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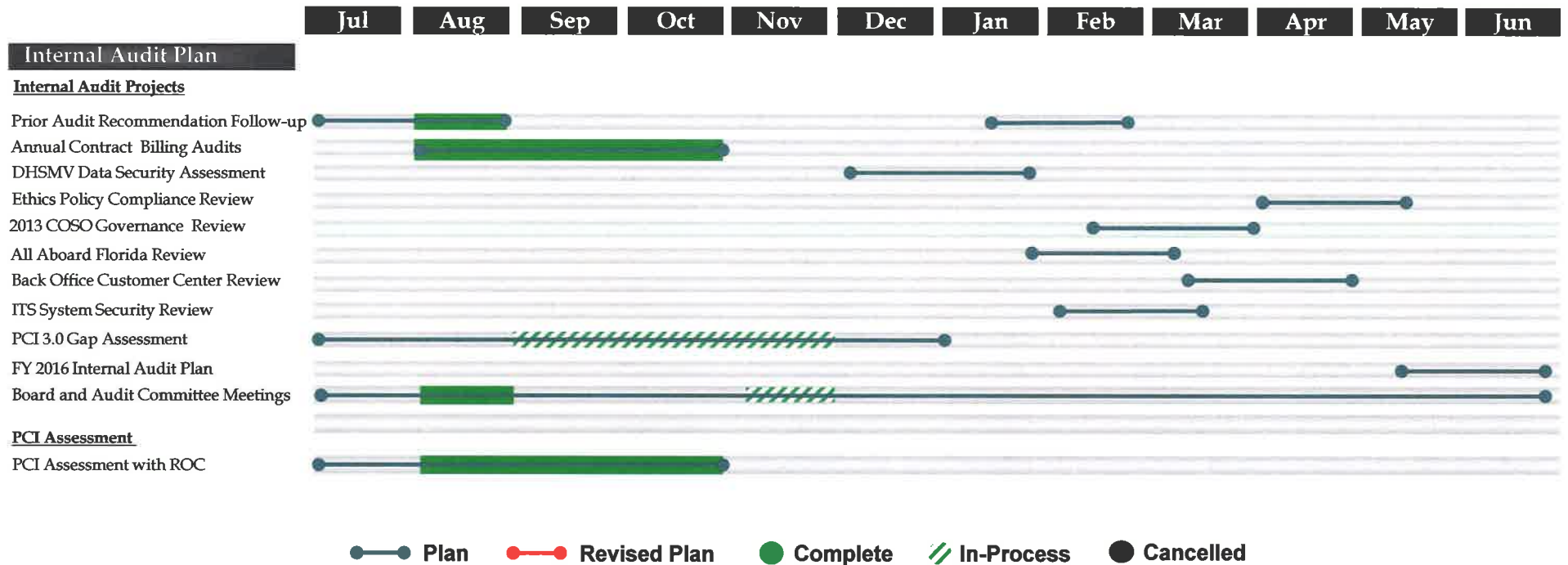
Central Florida Expressway Authority

Current Status of the Fiscal Year 2015 Internal Audit Plan

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FY 2015 Internal Audit Plan Dashboard



b.



Central Florida Expressway Authority

2015 Contracts Audit

October 14, 2014

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Executive Summary

Overview

In accordance with the 2015 Internal Audit Plan, Internal Audit audited two contracts with a combined contract value exceeding \$90,000,000 from a population of large engineering, service, maintenance, operations, and construction projects. This is the fifth consecutive year Internal Audit has performed contract audits as part of the Internal Audit plan. Each year, the contracts and related vendors selected for audit have been different.

Objectives and Results

The objectives of the audit were to (1) identify and test key processes and controls around project funding and bid authorization, project bidding (sealed bids and competitive sealed proposals), bid awards, bid bond requirements, contract renewals and supplemental agreements, (2) test vendor compliance with contract terms and conditions, insurance, bond and permitting requirements, and minority and women owned business ("MWBE") requirements, and (3) audit the accuracy of items billed to the Authority in accordance with contract terms and conditions.

There were no findings identified as a result of this audit. This demonstrates the Central Florida Expressway staff is continuing to improve its process to procure and manage vendor contracts, related costs, and related internal controls.

Project Scope and Approach

The audit was performed using a four-phased audit approach as outlined below:

Phase I – Contract Analysis and Selection

To select contracts for audit, Internal Audit obtained a listing of all active contracts with the Authority and identified a short-list of contracts for audit and performing a risk analysis based on contract size, duration, terms and conditions, and nature of the work performed. The following contracts were selected by Internal Audit for review:

1. **Sema Construction #000985** – Contract for the construction of the 417 Boggy Creek Road interchange improvement. This contract began in January 2014 and has a current contract value of \$70.9 million. Per the Authority's accounting system (Eden), expenditures to date at the time of audit totaled approximately \$29.9 million.
2. **CH2M Hill #000746** – Contract for engineer consulting on the Wekiva Parkway Corridor. This contract began in June 2011 and has a current contract value of \$20 million. Per Eden, expenditures to date at the time of audit totaled approximately \$4.9 million.

Executive Summary

Phase II – Processes and Controls Review

Internal Audit performed procedures to review the Authority's processes related to procurement, contract administration, project and cost management, and supplemental agreement management. Key controls within each of these areas were identified and tested for each contract selected in Phase I. Details regarding the procedures performed, results, and observations are provided on the following pages and in **Appendix A**.

In September 2014, Internal Audit completed a review of the status of audit recommendations issued in the prior year Contracts Audit report and verified that all prior year audit recommendations have been incorporated into practice and policy. Prior year observations and recommendations were also considered and incorporated into 2015 audit testing.

Phase III – Contract Specific Audit Procedures

Internal Audit performed detailed procedures to review contract terms, costs billed to the Authority, and other key attributes for each of the contracts selected for audit from contract inception to August 20, 2014. The contracts selected, value, spend to date, sample tested, and percentage of spend tested are outlined below:

Contract	Contract Value	Contract Spend to Date	Sample Tested	% Spend Tested
SEMA Construction	\$70,900,000	\$29,936,030 [1]	\$8,605,036 [2]	29%
CH2M Hill	20,000,000	\$4,976,465 [1]	\$1,070,157 [3]	22%

[1] Judgmentally selected a sample of invoices using a risk based approach. A listing of all invoices to date was obtained and analyzed to identify abnormal increases in month over month spend to select samples for testing. The invoices selected were tested for compliance with contract terms and conditions.

[2] Samples were judgmentally selected to include items such as unit quantities, fuel price adjustments, bituminous mix adjustments, and Owner Direct Material Purchases ("ODMP") billed to the Authority across several months of the project.

[3] Samples were judgmentally selected to include consultant and subconsultant labor charges and consultant expenses.

Phase IV – Reporting and Deliverables

Internal Audit prepared this report for management review and comment and for issuance to the Authority's Audit Committee.

Summary of Results and Procedures Performed

For the contracts selected for audit, Internal Audit identified risks and tested key controls within the process areas outlined below. Where applicable, a sample of detailed project costs was reviewed and tested for compliance with contract terms and conditions. Based upon this review, there were no audit findings or observations for reporting to management or the audit committee identified during this audit for fiscal year 2015.

The table below provides an overview of the areas reviewed for each contract audit, and a trending analysis of observations over the past five years. Further detail of the specific procedures performed is provided in **Appendix A**.

Process	Procedures Performed / Key Areas Reviewed	FY15 Total Controls Tested	FY15 Number of Observations	Number of Observations in Prior Contract Audits			
				FY14	FY13	FY12	FY11
Procurement	Project funding and bid authorization, project bidding (sealed bids and competitive sealed proposals), bid awards, bid bond requirements, and contract renewals.	24	0	0	0	0	1
Contract Administration	Contract terms and conditions, insurance, bond and permitting requirements, and minority and women owned business ("MWBE") requirements.	10	0	0	2	1	1
Project & Cost Management	Invoice processing, project planning, scheduling, and quality control, subcontract management, cost management, owner direct material purchases ("ODMP") management, and project reporting.	29	0	2	4	0	2
Supplemental Agreement Management	Supplemental agreement review, approval, and execution.	8	0	0	0	1	2
Vendor Specific Fraud Risks *	Identification and testing of controls to mitigate potential fraud scenarios and data analytics to test potential fraud scenarios.	N/A	0	N/A	N/A	N/A	3
TOTAL:		71	0	2	6	2	9

* Procedures were specific to the ACS vendor contract tested in fiscal year 2011.



Appendix A

Detailed Audit Procedures Performed

Detailed Procedures Performed

Procurement

Procedures Performed - Procurement

Internal Audit performed detailed audit procedures related to the procurement, bidding, contract award, and contract renewal of all contracts selected for testing. The procedures performed included:

- High level review of the process for establishing bid estimates for large construction contracts;
- Testing of Board approval to advertise for bids and proposals and Board approval of the contract award;
- Testing for the use of five year contract terms and the option for five one year renewals for contracts;
- Testing of the key components of the competitive sealed bid and proposal processes, including:
 - Completion and utilization of bidding and award schedules;
 - Timestamps applied to all received proposals and compliance with submittal deadlines;
 - The use of bid opening and bid tabulation sheets;
 - Performance of unbalanced bid reviews for competitive bids;
 - Completion of disclosure forms completed by the Authority's employees responsible for evaluating technical and price proposals; and
 - Comparison of evaluation and scoring to advertised request for proposals.
- Completion and distribution of the monthly expiring contracts report by the procurement department; and
- Completion and approval of the expiring contract renewal worksheet and Board approval of contract renewals.

Contract Administration

Project & Cost Management

Supplemental Agreement Management

Detailed Procedures Performed

Procurement

Procedures Performed – Contract Administration

Internal Audit performed detailed audit procedures related to key contract terms and conditions utilized by the Authority and the satisfaction of insurance, bonding, permitting and MWBE requirements by the contractors selected for testing. The procedures performed included:

Contract
Administration

- Testing for the review of contracts by the Authority's Legal Counsel;
- Testing of key contract reviews and clauses, including:
 - Review by the Authority's Legal Counsel; and
 - Inclusion of key right to audit, termination, and indemnity clauses.
- Outlining and testing of insurance, bonding, and permitting requirements specific to the contracts selected; and
- Satisfaction of MWBE requirements set forth in the original bid and as required by the Authority.

Project & Cost
Management

Supplemental
Agreement
Management

Detailed Procedures Performed

Procurement

Procedures Performed – Project & Cost Management

Internal Audit performed detailed audit procedures related to invoice processing and approval, project planning, scheduling and quality control, project cost management and reporting, subcontractor management, CEI oversight, and ODMP processing. The procedures performed included:

Contract Administration

- Testing of a sample of invoices for the projects selected for adequate review and approval by the appropriate personnel and compliance with the Authority's invoice processing procedures;
- Discussion of current practices in regards to quality control and risk management plans and performance and quality monitoring;
- Testing of subcontractor approval and a sample of payments made to subcontractors;
- Detailed testing of costs billed for a sample of invoices selected for each of the service contracts selected and detailed testing of a sample of the quantities billed for each of the construction contracts selected;
- Utilization and monitoring of the CEI Consultants assigned to construction contracts;
- Discussion and limited testing of changes to project schedules;
- Review of reporting submitted to management on a regular basis; and
- Detailed testing of the ODMP programs implemented for the construction contracts selected.

Project & Cost Management

Supplemental Agreement Management

Detailed Procedures Performed

Procurement

Procedures Performed – Supplemental Agreement Management

Internal Audit performed detailed audit procedures related to supplemental agreement execution, review, and approval. The procedures performed included:

- Testing for Board approval of all supplemental agreements in excess of \$50,000;
- Testing for the approval of all supplemental agreements by the appropriate parties;
- Testing of adequate supporting documentation and compliance with contract terms and conditions in regards to price and scope for all executed supplemental agreements related to the construction contracts selected for review; and
- Testing of a sample of fuel price and bituminous mix adjustments related to the construction contracts selected for review.

Contract Administration

Project & Cost Management

Supplemental Agreement Management



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C.

The PCI Report on Compliance is a restricted report for security reasons. The PCI Report on Compliance will be provided and recollected by the Internal Auditor at the meeting.

Please note: "This document is exempt from public records disclosure pursuant to F.S. 282.318. It shall not be copied or distributed in any manner. It may not be inspected or reviewed by any persons other than those authorized by OOCEA to receive it. Upon conclusion of review, those persons authorized shall return the document to the OOCEA Internal Auditor."

d.

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Executive Summary
Recommendations Summary
2010 Ethics Audit
2010 Contracts Audit
2012 Right of Way Audit
2012 Toll Violations Audit
2013 Contracts Audit
2013 Toll Revenue Audit
2014 Contracts Audit
2014 Maintenance & Safety Plan Audit

Central Florida Expressway Authority

Prior Audit Recommendations Follow-Up September 15, 2014

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Executive Summary

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As part of the Fiscal Year 2015 Internal Audit plan, Internal Audit (IA) performed a review of open audit recommendations from prior audit reports to verify the implementation status reported by management. Open recommendations from the following audits were evaluated:

- 2010 Ethics Audit
- 2010 Contracts Audit
- 2012 Right of Way Audit
- 2012 Toll Violation Audit
- 2013 Contracts Audit
- 2013 Toll Revenue Audit
- 2014 Contracts Audit
- 2014 Maintenance and Safety Plan Audit

Internal Audit last reviewed the status of open audit recommendations in January 2014. Results were reported to the Audit Committee at that time.

This review was completed on September 15, 2014, and consisted of meetings with management to determine the status of open audit recommendations and performing testing of management's response, status, and explanation for all recommendations deemed "Completed" or "In Process." If a recommendation was noted "Not Done," no testing was performed by Internal Audit. In addition, only those recommendations that remained open at the time of the last review have been included in this report. If a recommendation was completed as of January 24, 2014, no further work was performed and the recommendation was not included for review in this report.

Testing performed included inquiry with the employees responsible for completing the recommendations and obtaining documentation evidence to confirm management's reported status and explanation. In instances where the evidence obtained did not agree with management's status, discussions with management were held and the differences were resolved.

There were no instances where management and Protiviti did not come to an agreement on the status of a recommendation.

Recommendations Summary

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Audit	Open as of January 24, 2014	New Recommendations	Completed Since January 24, 2014	In Progress / Not Done as of September 15, 2014*	Past Due
2010 Ethics Audit	1	0	0	1	1
2010 Contracts Audit	1	0	0	1	1
2012 Right of Way Audit	1	0	0	1	1
2012 Toll Violations Audit	1	0	0	1	1
2013 Contracts Audit	1	0	0	1	1
2013 Toll Revenue Audit	1	0	0	1	0
2014 Contracts Audit	1	0	1	0	0
2014 Maintenance & Safety Plan	0	5	3	2	0
Total	7	5	4	8	5

*8 recommendations are classified as "In Progress." 5 of these recommendations are considered "Past Due."

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Ethics Audit June 2010 Recommendations Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
<p>5. Mission, Vision, and Core Values</p> <p>The existing vision and mission statements of the Authority do not reference ethics, core values or integrity to help make ethical values and standards integral to all company operations and planning. Ethical standards should be integral to the organization and not simply an "add on" to be considered after important decisions have been made.</p>	Concur	In Progress (Past Due)	<p>The Authority has done many things to improve the ethical standards of the organization. The Ethics Policy has been strengthened by the Board in the past two years and has been added to the Authority's web site. Board members and staff receive regular ethics training in accordance with the Ethics Policy and a hotline has been set up so that anyone can anonymously report an ethics violation. All non-payroll checks are posted to the Authority's website. Ethics standards are an integral part of the organization.</p> <p>The Board will consider ethics references in the vision and mission statements through the master plan development process over the next twelve months.</p>	<p>Per discussion with Laura Kelley, Deputy Executive Director, the ethics recommendation is expected to be addressed in the master plan update, but the update has been postponed. The Florida Legislature created the Central Florida Expressway Authority, which took over the Orlando Orange County Expressway Authority and expanded the Authority into two additional counties. The consolidation also expanded the Board of Directors to an 11 member board. Three board members have not been appointed and are not expected to be appointed until after the governor elections in November, 2014; therefore, the development of the master plan has been postponed until the remaining three board members are elected.</p>	<p>Original: 8/31/10</p> <p>Revised: 7/31/12</p> <p>Revised: 12/31/13</p> <p>Revised: 12/31/14</p> <p>Revised: 12/31/15</p>	Concur

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Contracts Audit January 2011 Recommendations Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
<p>7</p> <p>b) The Authority should utilize CSC Manager and CSC Supervisor passwords, rather than PINs, to approve adjustment transactions in TRIMS (passwords are required to be changed on a regular basis by the system).</p>	Concur	b) In Progress (Past Due)	<p>b) The change to a password based approval key would be a fairly significant change to the existing system. The current system is currently being reviewed for back office consolidation with Florida's other toll agencies. Making these changes now may be waste of valuable IT resources if the current system were to be disposed of in the near term. The Authority will make this requirement a part of the back office consolidation effort currently underway.</p>	<p>Per discussion with Joann Chizlett, Director of IT, this change to a password based approval key will be part of the Centralized Customer Service System (CCSS) project. As part of the CCSS project, the TRIMS system will be eliminated and a new system will be introduced. This recommendation will be incorporated into the new system.</p> <p>Per discussion with David Wynne, the CCSS project is currently in the procurement stage but has been delayed. Currently, the CCSS project is expected to go live by January 2017. As a result, this recommendation has not been fully implemented and is pending the completion of the CCSS project.</p>	<p>Original: 12/31/2013</p> <p>Revised: 12/31/2015</p> <p>Revised: 01/31/2017</p>	Concur

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Right of Way Audit
February 2012 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
<p>1. Recordkeeping: Completeness and Retention: (A) Management should update the policy to accurately reflect a comprehensive list of all documentation that management believes should be maintained onsite. Additionally, checklists should be created and continually updated to help management verify completeness of records and files for each acquired parcel within a given project. (B) Management should determine an appropriate timeline after a parcel case is closed by which to receive (or request if applicable) all pertinent case documents from external legal counsel. (C) The file custodian should create a complete master listing of all parcels to be acquired as determined at the beginning of a new construction project. This master list should be updated to reflect any files closed during the project that did not culminate in an acquisition and be described by a related closing memo.</p>	Concur	In Progress (Past Due)	<p>Completeness of files and timeliness of receipt is an important part of Chapter 119 compliance. Consistency of record keeping is also important to ensure that the public and the Authority have access to key information related to property acquisition.</p> <p>Management will update the Property Acquisition and Disposition Procedures manual to reflect the desired list of documentation and the timeframe for provision of the same. Management will work with outside counsel to create appropriate checklists and incorporate them into the files. Management will review the current purpose and usage of the electronic database and determine if any changes are warranted.</p>	<p>(A) Open - Per discussion with Joe Passiatore, General Counsel, the Right of Way committee approved the changes to the Authority's Property Acquisitions & Disposition Procedures Manual regarding parcel files on 12/6/2013. Additionally, the changes were approved by the Board on 12/12/13.</p> <p>Internal Audit obtained a copy of the 12/12/13 Board minutes and verified through inspection that the updates were approved in Consent Agenda item #14. Additionally, Internal Audit obtained the updated Property Acquisition and Disposition Procedures manual prepared by outside counsel (Winderweede, Haines, Ward & Woodman). Internal Audit verified through inspection that the updates to the manual incorporated the development of a desired list of documentation to be maintained by the Authority for each parcel and identified on 1 of the following 3 checklists: 1) Real Estate Acquisition Closing Binder Checklist for Non-Litigation Parcels; 2) Real Estate Acquisition Closing Binder Checklist for Litigation Parcels; and 3) Real Estate Acquisition Closing Binder Checklist for Surplus Parcels.</p> <p>These checklists are to be included in the files to help management verify completeness of records for each acquired parcel within a given project. The checklists are to be reviewed by the Authority staff on a regular basis to maintain complete parcel records. Per discussion with external Right of Way counsel (Winderweede, Haines, Ward & Woodman, P.A. and Shutts & Bowen LLP), the checklists have not been implemented. General Counsel and Management believe the checklists should be implemented by external Right of Way Counsel as a documentation tool and the completed checklist for each parcel should be included in the parcel file provided to the Authority. Notations should be made if items on the checklist do not apply. The Authority will communicate this requirement to external Right of Way counsel.</p> <p>(B) Complete - Included in the updated manual is a timeline for the provision of the parcel documentation by the external counsel. Per the manual, the Right of Way Legal Counsel shall deliver the complete parcel file to the Authority's Records Custodian no later than 6 months from the date of final parcel activity. This deadline may only be extended upon written request to the General Counsel's office.</p> <p>(C) Open - Per discussion with Joe Passiatore, General Counsel, a complete master listing of all parcels is created by external Right of Way counsel at the beginning of a new construction project. The status of each parcel is updated by external Right of Way counsel based on progress and is provided to the Authority for review and discussion every two weeks. Internal Audit obtained the master parcel listings from each Right of Way Counsel for the Wekiva Parkway Project and determined through inspection that the lists include parcel details, attributes that provide a detailed status for each parcel, and notes. Per discussion with Winderweede, any parcels that are removed from the master listing are tracked in a separate listing. Internal Audit obtained the dropped parcels listing for the Wekiva Parkway Project from Malinda Creager (Winderweede) and determined through inspection that the listing did not include the date the parcel was excluded and a reason for exclusion for each parcel. Per discussion with Shutts & Bowen, any parcels that are removed from the master listing are not currently tracked in a separate listing; however, email documentation is retained by the firm to support the date of exclusion and reason for exclusion. General Counsel and Management believe that dropped parcels should be documented as part of the master listing for each project and the date of exclusion and reason for exclusion should be documented. The Authority will communicate this requirement to external Right of Way counsel.</p>	<p>Original: 6/30/12</p> <p>Revised: 1/1/13</p> <p>Revised: 6/30/13</p> <p>Revised: 1/1/14</p> <p>Revised: 1/1/15</p>	Concur

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Toll Violations Audit March 2012 Recommendations Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
6. Process Improvement: Management should determine if it is cost beneficial and within the business objectives of the Authority to turn over delinquent violators to a collection agency. The Authority should consider if the UTC is outstanding with the court. Additionally, the Authority should implement a policy containing a time and dollar threshold of how long a UTN or UTC violator should be outstanding before the Authority pursues collections, as well as, a dollar amount the UTN or UTC must reach prior to sending it to collections.	Concur	In Progress (Past Due)	<p>The Authority will investigate enhancing its collection efforts on unpaid tolls to determine if it is cost beneficial and in the best interest of the Authority.</p> <p>Director of Toll Operations will facilitate a review of potential revenue to be collected, possible collection rates, industry practices, legal ramifications and consideration of community perception.</p>	<p>Per discussion with Dave Wynne, Director of Toll Operations, Louthan Consulting was hired by the Authority to report on industry debt collection practices. Internal Audit obtained a copy of the consultant's report and verified through inspection that it included commentary on industry debt collection practices. After thorough review of the consultant's report, the Authority determined that it was proficient at collecting its debt when compared to industry standards.</p> <p>Additionally, per David Wynne, the CCSS program is expected to go live in January 2017 and will include debt collection policies and procedures. Therefore, it would not be prudent to take steps towards facilitating a review and updating Authority policies at this time.</p>	<p>Original: 1/1/13</p> <p>Revised: 3/31/13</p> <p>Revised: 1/1/14</p> <p>Revised: 12/31/15</p> <p>Revised: 1/31/2017</p>	Concur

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Contracts Audit
November 2012 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
<p>1. A standard Project Rate/Sub-consultant Change Form should be established by the Authority. Consultants should utilize the form to submit rate and employee changes to the Authority for review and approval before changes to the rate schedule are incorporated in the billings. The standard change form should be used to create a master rate schedule to track updates to the project wage rates. The master rate schedule should be included as an attribute in the monthly checklist being recommended in Observation #6 and be kept in the project file to ensure that the most current information is accessible to the personnel performing the detailed review of the invoices prior to payment approval.</p> <p>The Authority should investigate options to include contract terms and conditions in their standard contract language (e.g. right to withhold payment without proper supporting documentation) to ensure invoices are properly supported.</p> <p>The Authority should also consider whether the itemized wage rate requirement is warranted. Setting wage rates based on job classifications instead of individual employees may increase the efficiency of the invoice review process.</p> <p>The Authority should consider performing a detailed review of the RS&H consultant billings, to determine what amount, if any, is due to or from the consultants as a result of the discrepancies in the billings. This would require the Authority to obtain detailed support for all billings submitted by the consultant and sub consultants for the project.</p>	Concur	In Progress (Past Due)	<p>The Authority will create a standard consultant change form and require consultants to submit wage modifications request through the form. The Authority must approve all wage modifications before changes are included in monthly billings. The Contract Support Specialist will update the rate schedule with the approved wage rate changes and create a master rate schedule.</p> <p>The Authority will evaluate the current invoice support requirement and determine if establishing wage rates based on job classification is appropriate.</p>	<p>Per inquiry with Glenn Pressimone, Director of Engineering, the wage rate approval process has been implemented and consultant invoices are now reviewed for accuracy, acceptable wage rates, and contractual compliance by Jeannie Perez, Contract Support Specialist.</p> <p>Per discussion with Jeannie Perez, Contract Support Specialist, a project change form was created in the form of the Request for Addition or Promotion that must be submitted to the Authority for review and approval. The Authority maintains the original wage rate list included in the executed contract and any modifications to wage rates must be submitted through the Request for Addition or Promotion. Internal Audit obtained the Request for Addition or Promotion template and verified its existence.</p> <p>Additionally, per discussion with Jeannie Perez, Contract Support Specialist, Glenn Pressimone performed a detailed review of the RS&H consultant billings to determine if there were any amounts due to or from RS&H relating to this project. Audit obtained an invoice discrepancy analysis dated 2/18/2013 and noted a total overpayment to RS&H of \$9,625.87. Audit determined through inspection of subsequent invoices for contract 747 with RS&H that the overpayment was resolved between the parties as of invoice #17R.</p> <p>The Authority is still investigating the option of determining wage rates based on job classification. The implementation is pending a new design/engineering project. The standard contract will be updated to include a change in the Method of Compensation section (Exhibit B) and Internal Audit will be provided a draft of the revised section for review.</p>	<p>Original: 1/31/2013</p> <p>Revised: 3/31/2014</p> <p>Revised: 6/30/2015</p>	Concur

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**Toll Revenue Audit
March 2013 Recommendations
Status of Recommendations**

Internal Audit Recommendation	Management Response	Management Status at August 15, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
<p>6.</p> <p>a) The Authority should weigh the cost and the associated annual benefit of approximately \$3,400 to determine if it would be beneficial to require the third party contractor to reference the Detailed Audit Report for all proposed audit adjustments that would reduce expected toll revenue. The Detailed Audit Report should be included in the daily audit packets as evidence of the review.</p> <p>b) The Authority should also consider automating certain aspects of the Attendant's Shift Record log by integrating the unusual occurrence, violations, and insufficient fund transactions within the MLT system. This would reduce the subjectivity of the FTS auditor's interpretation of the manual ASR log.</p>	Concur	In Progress	<p>a) The Authority determined that cost outweighs the benefit of this recommendation.</p> <p>b) The Authority currently has this recommendation as a function in the planned Toll System Replacement project that is currently ongoing at this time. The Authority would expect to have the new system in place and operating by July 1, 2015</p>	<p>Per discussion with Dave Wynne, Director of Toll Operations, this recommendation will be implemented as a function in the planned Toll System Replacement (TSR) project. The RFP previously prepared by the Authority only received one bid; therefore another RFP is being prepared. Currently, the TSR project is expected to go live in at least one toll plaza by April 2016.</p>	<p>Original: 7/1/2015</p> <p>Revised: 4/30/2016</p>	Concur

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Contracts Audit
October 2013 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
<p>2. The Authority should discuss with FTS the best way to be reimbursed for the possible impact of the billing errors that may have occurred prior to the implementation of the new timekeeping system.</p> <p>Also, to better enable the Authority staff to identify vendor billing errors or inaccuracies before making payments, the Authority should consider implementing a procedure that requires personnel reviewing vendor invoices for payment to periodically request underlying support for the billings from the vendors.</p>	Concur	Complete	The Authority will ask FTS to conduct a reconciliation of invoices and supporting documentation for the period prior to the new timekeeping system to determine if any additional compensation is due to either party for over or under billings. The Authority will also request supporting documentation for billings occasionally in accordance with the Internal Auditor's recommendation.	<p>Per discussion with Dave Wynne, Director of Toll Operations, the billing errors identified by Internal Audit were extrapolated for a total potential error of \$9,400. FTS agreed to refund the Authority for the extrapolated amount identified. Audit determined through inspection of subsequent invoices for contract 154 with FTS that a credit was provided to the Authority on the March 2014 invoice.</p> <p>Additionally, the Authority plans to periodically review FTS billings per the recommendation by reconciling the invoices to supporting documentation. Per discussion with Lisa Lumbard, Interim CFO, the quarterly review process has been assigned to Aneth Williams, Manager of Contract Compliance. Per discussion with Aneth Williams, she has gained an understanding of the FTS billing process through meetings with FTS personnel in May 2014. On a quarterly basis, she will select a sample of employees from the billing support provided by FTS and will request detailed support from FTS for each employee selected. To detect inaccuracies, Aneth Williams will reperform the billing calculations for each employee selected. The first review procedure will be conducted in September 2014 for the August 2014 FTS billing.</p>	6/30/14	Concur

Maintenance and Safety Plan Compliance
April 2014 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
1. Audit recommends that the Authority develop written "desktop" procedures that clearly document key aspects of the Authority's maintenance and inspection program, including: Internal procedures for managing and maintaining the Authority's roadways and bridges, Asset tracking, Role of third party maintenance & inspections agreements (scheduling of inspections, repairs, and replacements; outputs of preventative maintenance), Maintenance contract performance monitoring, Work order, maintenance request, and deficiency response deadlines, Incident and Emergency Response process, and the GEC Annual Inspection process.	Concur	In Progress	The Authority will develop written procedures to document the pertinent aspects of the Authority's maintenance and inspections operations in regards to bridges, overhead structures, and roadways.	Per discussion with Ben Dreiling, Director of Construction & Maintenance, he has developed an outline for the written procedure document and is currently drafting the bridge inspection component of the document. The written procedures will be completed on or before the scheduled due date.	12/31/14	Concur
2. Due to the natural delay in the issuance of the GEC's Annual Inspection Report, the Authority should request that the GEC Inspector formally communicate deficiencies rated 1-3 to the Authority. In a separate document the Authority should address, prior to the issuance of the report, the status of the deficiency. This process improvement would allow the Authority to provide resolution responses to high priority deficiencies. The GEC would report on the current status of the deficiencies within the Annual Inspection Report at the time of publication.	Concur	Complete	The Authority will meet with the GEC to develop procedures requiring the GEC to formally communicate deficiencies rated 1-3 to the Authority. Based on this additional process, the Authority will request that the GEC report on the resolution for management responses to the deficiencies identified within the Annual Inspection Report	Per discussion with Ben Dreiling, Director of Construction & Maintenance, a Pre-Inspection meeting was held with the GEC (Atkins) to discuss the audit recommendation. Audit obtained the meeting invite for the Authority's Annual Inspection Kick-Off meeting dated July 9, 2014 and noted the following in attendance: Atkins: Jeanette Maldonado, Steve Franklin, and Nathan Silva, Nathan; The Authority: Ben Dreiling, Robert Giesemann, and Steven Geiss. Audit confirmed through inquiry with Ben Dreiling that procedures were developed during the meeting that requires the GEC to formally communicate deficiencies rated 1-3 to the Authority during the inspection. The Authority's Senior Roadway Inspector creates a work order for the applicable maintenance contractor and/or advises the maintenance contractor of the need for repair by email. Once repairs are completed by the maintenance contractor, the Authority forwards completion notification from the maintenance contractor to the GEC. The procedures established will allow the GEC to document the Authority's response and the status of the deficiencies rated 1-3 in the next Annual Inspection Report, which is expected to be issued in February/March 2015. Audit obtained an example email from the GEC inspector (Steve Franklin) notifying Steve Geiss, Senior Roadway Inspector, of a deficiency rated 1-3 and noted the email included pictures and a location of the deficiency (SR 417 Lee Vista ST On). Audit obtained and reviewed a work order created by Steve Geiss in the JAMMS system (work order #153084) to notify the maintenance contractor (JCS) of the deficiency. Audit further obtained emails from JCS notifying Steve Geiss that the deficiency was repaired and noted the email also included pictures of the repair. Audit obtained evidence that the email from JCS was forwarded to the GEC inspector (Steve Franklin) to evidence the status of the deficiency for reporting purposes.	7/1/14	Concur
3. The Authority should implement procedures to conduct a quality control review of final inspection reports with all appropriate signatures. As the responsible party for roadway safety, the Authority should perform independent reviews of final inspection reports to obtain additional assurance that inspections were completed in accordance with all applicable regulations and that the work of the inspection consultants has been reviewed for quality and accuracy. Additionally the Authority should retain all final inspection reports as submitted to the FDOT by the inspection consultants for documentation purposes. In addition, the Authority's IT department should prioritize resolution of the limitations impacting the Maintenance Department's access to FDOT's EDMS system.	Concur	Complete	The Maintenance Department will work with the IT Department to ensure EDMS access issues are resolved. The Authority has refined its process and will no longer accept draft reports from the inspection consultants as evidence of inspection completion.	Per discussion with Ben Dreiling and Steve Geiss, EDMS access issues have been resolved and the Maintenance Department has informed the inspection consultants that the Authority only accepts final inspection reports as evidence of inspection completion. Audit observed Steve Geiss log into FDOT's EDMS system and observed the retrieval of a sign structure final inspection report (structure # 75s730) with all signatures and seals from the EDMS system. Audit additionally obtained and reviewed an inspection report received from the inspection consultants the week of 8/11/2014 for bridge # 750724. Audit determined through inspection that the report provided to the Authority was signed and sealed (final version).	12/31/14	Concur
4. The Authority should implement a consistent, defined, periodic monitoring procedure over official inspection records within FDOT's Pontis system. Monthly, the Authority should generate the Pontis Delinquent Reporting schedule from FDOT's Pontis system and review the report for delinquent inspections. Appropriate follow-up should be conducted on any delinquent inspection reports. Documentation of the review should be retained and signed as evidence of review of this monitoring control.	Concur	Complete	The Authority will implement the monthly review procedure utilizing the reporting capabilities of FDOT's Pontis system to monitor regulatory inspection compliance. The Authority will retain evidence of the review procedure in accordance with the recommendation.	Per discussion with Ben Dreiling and Steve Geiss, the Authority has implemented and documented the monthly monitoring of inspection records process. Audit obtained the September 2014 Pontis Inspection Delinquency Report noting the report was reviewed and signed by Steve Geiss on 9/2/14. There were six inspections report identified as being delinquent. However, Audit noted that the inspections were completed as of 8/27/14, but there is a lag between the inspection completion date and the date the inspections are uploaded into the FDOT Pontis system. Audit also noted Steve Geiss made notes on the Inspection Delinquency Report as to the inspection completion dates and concluded that the inspections were not delinquent.	7/1/2014 Revised: 9/1/2014	Concur
5. Maintenance contracts should accurately reflect actual FDOT requirements for FDOT-issued work orders. Due to the associated contractual risk and opportunity for non-compliance with FDOT regulations, the Authority should consider amending the contract language in the vendor contracts to include the FDOT District 5 work order completion requirements.	Concur	In Progress	The Authority will coordinate maintenance contract updates to require completion of FDOT work orders in accordance with FDOT District 5 deadlines.	Per discussion with Ben Dreiling, this recommendation remains open pending the expiration of current maintenance contracts.	Upon Contract Renewal (July 2015 & July 2016)	Concur

D.

Audit Committee Charter

Permanent Rule 9-1

Department: Executive

Supersedes: Audit Committee Charters from

10/27/10 & 1/23/13

Date of Board Approval: 9/11/14

**A RESOLUTION OF THE CENTRAL FLORIDA EXPRESSWAY
AUTHORITY AMENDING ITS AUDIT COMMITTEE CHARTER**

WHEREAS, the Central Florida Expressway Authority (CFX) is Central Florida's regional expressway authority duly authorized by state law to maintain and operate an expressway system in Lake, Orange, Osceola and Seminole counties; and

WHEREAS, the Central Florida Expressway Authority assumed the governance and control of the Orlando-Orange County Expressway Authority; and

WHEREAS, the Authority previously adopted a policy creating the Audit Committee and its Charter; and

WHEREAS, the governing Board wishes to update the Audit Committee Charter to reflect the transition from the Orlando-Orange County Expressway Authority to the Central Florida Expressway Authority; and

WHEREAS, at its workshop on August 14, 2014; the Board directed changes to Audit Committee membership and changes to the method of Committee Chair selection,

NOW THEREFORE, BE IT RESOLVED BY THE CENTRAL FLORIDA EXPRESSWAY AUTHORITY, the following amendments are hereby adopted by the governing Board:

Section 1. Throughout the Audit Committee Charter, "Orlando-Orange County Expressway Authority" is replaced with "Central Florida Expressway Authority".

Section 2. The first four paragraphs in the section entitled: "Organization" is hereby replaced with the following:

The Audit Committee shall be composed of five voting members as follows:

1. Orange County staff member appointed by the Orange County Commission or in accordance with Orange County's policies providing for appointments to other governmental agencies;
2. City of Orlando staff member appointed by the City of Orlando Commission or in accordance with the City of Orlando's policies providing for appointments to other governmental agencies;
3. Lake County staff member appointed by Lake County Commission or in accordance with Lake County's policies providing for appointments to other governmental agencies;

4. Osceola County staff member appointed by the Osceola County Commission or in accordance with Osceola County's policies providing for appointments to other governmental agencies;
5. Seminole County staff member appointed by the Seminole County Commission or in accordance with Seminole County's policies providing for appointments to other governmental agencies.

Committee member appointments may not be delegated. The Committee members will serve at the pleasure of their respective jurisdictions. Committee members should have financial expertise in governmental accounting and experience reviewing financial statements and audit reports.

The Audit Committee will be chaired on an annual, rotating basis beginning on the effective date of this amendment, in the following order:

Orange County Representative
City of Orlando Representative
Seminole County Representative
Osceola County Representative
Lake County Representative


The Audit Committee Chair shall serve as the Board Liaison and attend CFX Board meetings.


Section 3. The revised Charter is adopted in its entirety as Exhibit "A".

Section 4. This Resolution shall become effective upon adoption.

ADOPTED this 11th day of September, 2014.

ATTEST:


Darleen Mazzillo
Executive Assistant


Welton G. Cadwell
Chairman

Approved as to form and legality


Joseph L. Passiatore
General Counsel

EXHIBIT "A"
CENTRAL FLORIDA EXPRESSWAY AUTHORITY BOARD
AUDIT COMMITTEE CHARTER

Adopted October 27, 2004
Revised and Adopted January 24, 2007
Revised and Adopted November 19, 2008
Revised and Adopted July 24, 2009
Revised and Adopted October 27, 2010
Revised and Adopted January 23, 2013
Replaced and Adopted September 11, 2014

PURPOSE

The Audit Committee's primary function is to assist the Authority Board in fulfilling its oversight responsibilities by reviewing the financial information, systems of internal control which Management has established, the audit process, the process for monitoring compliance with laws and regulations and the Code of Ethics. In doing so, it is the responsibility of the Audit Committee to provide an open avenue of communication between the Authority Board, Management, the Internal Auditor, and external auditors. The Audit Committee is provided specific authority to make recommendations to the Chief Financial Officer, the Executive Director and the Authority Board.

ORGANIZATION

The Audit Committee shall be composed of five voting members as follows:

1. Orange County staff member appointed by the Orange County Commission or in accordance with Orange County's policies providing for appointments to other governmental agencies;
2. City of Orlando staff member appointed by the City of Orlando Commission or in accordance with the City of Orlando's policies providing for appointments to other governmental agencies;
3. Lake County staff member appointed by Lake County Commission or in accordance with Lake County's policies providing for appointments to other governmental agencies;
4. Osceola County staff member appointed by the Osceola County Commission or in accordance with Osceola County's policies providing for appointments to other governmental agencies;
5. Seminole County staff member appointed by the Seminole County Commission or in accordance with Seminole County's policies providing for appointments to other governmental agencies.

Committee member appointments may not be delegated. The Committee members will serve at the pleasure of their respective jurisdictions. Committee members should have financial expertise in governmental accounting and experience reviewing financial statements and audit reports.

The Audit Committee will be chaired on an annual, rotating basis beginning on the effective date of this amendment, in the following order:

Orange County Representative
City of Orlando Representative
Seminole County Representative
Osceola County Representative
Lake County Representative

The Audit Committee Chair shall serve as the Board Liaison and attend CFX Board meetings.

The Internal Audit Director and the external auditors shall have direct and independent access to the Audit Committee and individually to members of the Audit Committee. The Committee shall have unrestricted access to employees and relevant information. The Committee may retain independent counsel, accountants or others to assist in the conduct of its responsibilities, subject to the Authority's procurement policy.

MEETINGS

The Audit Committee shall meet at least quarterly. Meetings may be called by the Authority Board Chairman, the Audit Committee Chair, or any two Committee members. Public notice shall be provided in accordance with State law.

Whenever possible, the agenda will be prepared by the Chair and provided in advance to members, along with appropriate briefing materials. In the absence of any objection, the Chair or any Committee member may add or subtract agenda items at a meeting. In the event of objection, a majority vote shall decide.

The Committee meeting minutes and any Committee recommendations shall be submitted to the Authority Board for consideration.

RESPONSIBILITIES

Financial Reporting Oversight

1. Review with Management and the external auditors:
 - The annual financial statements and related footnotes;
 - The external auditors' audit of the financial statements and their report;
 - Management's representations and responsibilities for the financial statements;
 - Any significant changes required in the audit plan;
 - Information from the external auditors regarding their independence;
 - Any difficulties or disputes with Management encountered during the audit;
 - The organization's accounting principles;
 - All matters required to be communicated to the Committee under generally accepted auditing standards.
2. Review with Management, the Authority's financial performance on a regular basis.

Internal Control and Risk Assessment

3. Review with Management the effectiveness of the internal control system, including information technology security and control.

4. Review with Management the effectiveness of the process for assessing significant risks or exposures and the steps Management has taken to monitor and control such risks.
5. Review any significant findings and recommendations of the Internal Auditor and external auditors together with Management's responses, including the timetable for implementation of recommendations to correct any weaknesses.

Compliance

6. Review with Management the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.

Code of Ethics

7. Review with Management and monitor adequacy, administration, and compliance with the Authority's Code of Ethics.
8. Review the procedures for the anonymous and confidential submission of complaints and concerns regarding matters such as accounting, internal controls, auditing, waste, abuse, fraud, conflicts of interest, or other Code of Ethics violations.

Internal Audit

9. Recommend to the Board the appointment or removal of the Internal Audit Director.
10. Review and approve the annual internal audit plan and all major changes to the plan.
11. Review the internal audit budget and submit to the Finance Committee.
12. Review and approve the Internal Audit Department Charter.
13. Review internal audit reports and recommend transmittal and acceptance of the audit for filing with the governing Board which shall be accomplished by separate item on the Consent Agenda at a regularly scheduled meeting.
14. Review annually the performance of the Internal Audit Director.
15. Review annually the effectiveness of the internal audit function.

External Audit

16. Appoint an Audit Committee Member to serve on the Selection Committee for all external audit services.
17. Recommend to the Authority Board the external auditors to be appointed and the related compensation.
18. Review and approve the discharge of the external auditors.
19. Review the scope and approach of the annual audit with the external auditors.
20. Approve all non-audit services provided by the external auditors.

Other Authority and Responsibilities

21. Conduct other activities as requested by the Authority Board.
22. Conduct or authorize investigations into any matter within the Committee's scope of responsibilities.
23. Address any disagreements between Management and the Internal Auditor or external auditors.
24. Annually evaluate the Committee's and individual member's performance.
25. Review the Committee's formal Charter annually and update as needed.
26. Confirm annually that all responsibilities outlined in this Charter have been carried out.

**Audit Committee Charter Responsibilities Matrix
For Audit Committee of November 21, 2014**

Financial Reporting Oversight

Review with Management and the external auditors:

Number	Responsibility	Date Performed (in bold) or planned
1	The financial statement and related footnotes	Nov-14
2	The external auditors' audit of the financial statements and their report	Nov-14
3	Managements' representations and responsibilities for the financial statements	Nov-14
4	Any significant changes to the audit plan	Nov-14
5	Information from the external auditors regarding their independence	Nov-14
6	Any difficulties or disputes with Management encountered during the audit	Nov-14
7	The organization's accounting principles	Nov-14
8	All matters required to be communicated to the Committee under GAAP	Nov-14
9	Review with Management the Authorities financial performance on a regular basis	Various

Internal Control and Risk Assessment

10	Review with Management the effectiveness of internal control system, including IT security and control	Nov-14
11	Review with Management the effectiveness of the process for assessing significant risks or exposures and the steps Management has taken to monitor and control such risks	Nov-14
12	Review significant findings and recommendations of the Internal Auditor and external auditors, together with Management's responses, including the timetable for implementation of recommendations to correct and weaknesses	External Auditors - November 2014, Internal auditors - various

Compliance

13	Review with Management the effectiveness of the system for monitoring compliance with laws and regulations and the results of Managements' investigation and follow up of any instances of non-compliance	Nov-14
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Code of Ethics

14	Review with Management and monitor adequacy, administration, and compliance with the Authority's Code of Ethics	Nov-14
15	Review the procedures for the anonymous and confidential submissions of complaints and concerns regarding such as accounting, internal controls, auditing, waste, abuse fraud, conflicts of interest, or other Code of Ethics violations	Nov-14

Internal Audit

16	Recommend to the Authority Board the appointment or removal of the Internal Audit Director	Apr-15
17	Review and approve the annual internal audit plan and all major changes to the plan	Jun-15
18	Review the internal audit budget and submit to the Finance Committee	Apr-15
19	Review and approve the Internal Audit Department Charter	Jun-14
20	Review internal audit reports prior to distribution to the Board	Various
21	Review annually the performance of the Internal Audit Director	Jun-15
22	Review annually the effectiveness of the internal audit function	Jun-15

External Audit

23	Appoint a committee member to Selection Committee for all external audit services.	As Needed
24	Recommend to the Authority Board the external auditors to be appointed and their related compensation	Jun-15
25	Review and approve the discharge of the external auditors	As Needed
26	Review the scope and approach of the annual audit with external auditors	Jun-15
27	Approve all non-audit services provided by the external auditor	As Needed

Other Authority and Responsibilities

28	Conduct other activities as requested by the Authority Board	As Needed
29	Conduct or authorize investigations into any matter within the Committee's scope and responsibilities	As Needed
30	Address any disagreements between Management and the Internal Auditor or external auditors	As Needed
31	Annually evaluate the Committee's and individual member performance	Jun-15
32	Review the Committee's formal Charter annually and update as needed	Nov-14
33	Confirm annually that all responsibilities outlined in this Charter have been carried out	Jun-15