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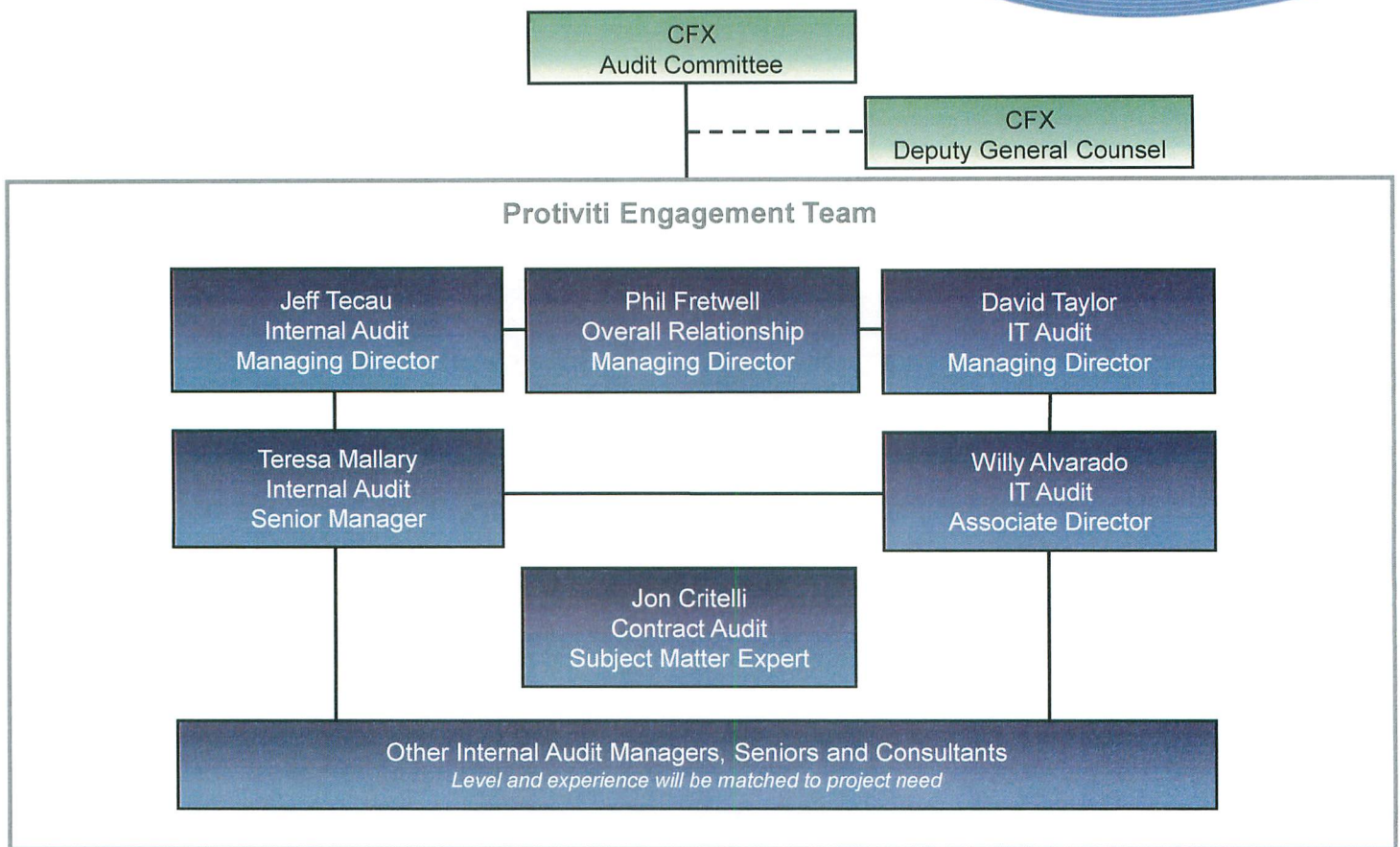
**CENTRAL
FLORIDA
EXPRESSWAY
AUTHORITY**

**Internal Audit Plan
For the Fiscal Year Ending June 30, 2016**

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Your Internal Audit Team



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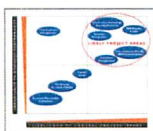
Background

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 2016 risk assessment was to identify and prioritize key areas of risk within the Authority to consider in designing the fiscal 2016 Internal Audit plan. The approach utilized in conducting the fiscal 2016 risk assessment and in developing the fiscal 2016 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



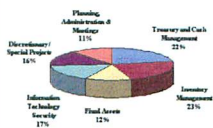
Assess & Prioritize Areas of Risk

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



Select Focus Areas

- Evaluate the prioritized enterprise risks and management commentary to determine Internal Audit focus areas for 2016
- 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

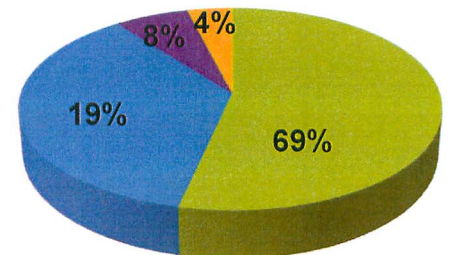
The following Twenty-Six (26) individuals were interviewed to gather information to develop the fiscal year 2016 Internal Audit plan:

<u>Name</u>	<u>Title</u>	<u>Name</u>	<u>Title</u>
Welton Cadwell	Board Chairman	Linda Lanosa	Deputy General Counsel
Eric Gassman	Audit Committee Chairman	Lisa Lumbar	Interim Chief Financial Officer
Scott Boyd	Board Vice Chairman	Claude Miller	Director of Procurement
Brenda Carey	Board Secretary-Treasurer	Joann Chizlett	Director of Information Technology
Mayor Buddy Dyer	Board Member	Ben Dreiling	Director of Construction & Maintenance
Fred Hawkins	Board Member	Hedi Klingensmith	Manager of Human Resources
Walter Ketcham	Board Member	Corey Quinn	Director of Expressway Operations
Jay Madara	Board Member	Glenn Pressimone	Project Manager, Engineering
Michael Scheeringa	Board Member	Iranetta Dennis	Director of Development
Mayor Teresa Jacobs	Board Member	Michelle Maikisch	Director of PR and Communications
Laura Kelley	Executive Director	David Wynne	Director of Toll Operations
Joe Berenis	Deputy Executive Director	Rene Rodrigue	Information Security Manager
Joe Passiatore	General Counsel	Dan Goff	Vendor; FTS Project Manager

Fiscal 2016 Internal Audit Plan Overview

The fiscal 2016 Internal Audit budget as approved by the Audit Committee is \$389,000, including the PCI Assessment of \$65,100. The projects suggested by Internal Audit for inclusion in the 2016 plan, including the PCI Assessment, total \$388,100. The project allocation, by type of Internal Audit project, is as follows:

	Budget Allocation	Frequency
Performance and Compliance		
- Prior Audit Recommendations: Semi-Annual Follow-up	\$18,000	Annual
- Contract Billing Audits	\$30,000	Annual
- Right of Way Audit – Procurement and Invoice Audit	\$30,000	5 Year Cycle
- Toll Revenue Audit	\$75,000	3 Year Cycle
- Public Records Assistance	\$30,000	One-Time
- Bond Financing Review	\$40,000	One Time
Information Technology		
- DHSMV Data Security Assessment	\$25,000	Annual
- Change Management Review – Tolling System Replacement	\$35,000	One-Time
Other		
- Fiscal 2016 Internal Audit Plan and Risk Assessment	\$25,000	Annual
Administration		
- Board and Audit Committee Meetings	\$15,000	Annual
Subtotal	\$323,000	
PCI Assessment with Report on Compliance*	\$65,100*	Annual
Total Internal Audit Budget	\$388,100	



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

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3 Year Internal Audit Projects Schedule

			Audit Plan Year		
Description	Frequency	Date Last Performed	2016	2017	2018
Annual Internal Audits					
Internal Audit Plan and Risk Assessment	Annual	2015	\$ 25,000	\$ 25,000	\$ 25,000
Board and Audit Committee Meetings	Annual	2015	\$ 15,000	\$ 15,000	\$ 15,000
Prior Year Recommendations: Semi-Annual Follow-up	Annual	2015	\$ 18,000	\$ 18,000	\$ 18,000
Contract Billing Audits	Annual	2015	\$ 30,000	\$ 30,000	\$ 30,000
DHSMV Data Security Assessment	Annual	2015	\$ 25,000	\$ 25,000	\$ 25,000
Total			\$ 113,000	\$ 113,000	\$ 113,000
PCI Assessment					
PCI Assessment with Report on Compliance	Annual	2015	\$ 65,100	\$ 65,100	\$ 65,100
Cyclical Audits					
Ethics Policy Compliance Audit	2 Year Cycle	2015		X	
Right of Way Audit	3 Year Cycle	2012		X	
Toll Revenue Audit	3 Year Cycle	2013	\$ 75,000		
Procurement Audit of Large Contract Awards	3 Year Cycle	2013		X	
IT General Controls Review	3 Year Cycle	N/A		X	
Sensitive Data / Data Management Review	3 Year Cycle	2014			X
Safety and Maintenance Policy and Procedures Compliance Audit	3 Year Cycle	2014			X
Information Security Risk Assessment	3 Year Cycle	N/A		X	
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
Toll Violations Audit	5 Year Cycle	2012			X
Social Media Policy Audit	5 Year Cycle	N/A			X
Disaster Recovery Review	5 Year Cycle	N/A			X
PCard and Gas Card Audit	5 Year Cycle	N/A		X	
Bond Financing Review	10 Year Cycle	N/A	\$ 40,000		
One Time Audits					
Change Management Review – Tolling System Replacement	One Time	N/A	\$ 35,000		
Right of Way Audit - Procurement and Invoice Audit	One Time	N/A	\$ 30,000		
Public Records Assistance	One Time	N/A	\$ 30,000		
COSO 2013 Governance Controls Testing	One Time	N/A		X	
Customer Contact Center Re-Audit	One Time	N/A		X	
Internal Penetration Test	One Time	N/A		X	
Communications Program Review	One Time	N/A		X	
IT Service Management Review	One Time	N/A		X	
ISO 27001 Information Security Review	One Time	N/A			X
Capital Projects Consultant Review	One Time	N/A			X
Grand Total			\$ 388,100	\$ 178,100	\$ 178,100

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Fiscal 2016 Internal Audit Projects

#	Project	Project Description	Risks	Estimated Cost
1	Internal Audit Plan and Risk Assessment (Annual)	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 2016/2017 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 (Annual)	Protiviti will attend Board meetings and prepare for and present at all Audit Committee meetings during fiscal year 2016. 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 (Annual)	This work will focus on semi-annual follow-up on the status of all OPEN action plans from prior year audits. In addition, internal audit will consider re-auditing closed recommendations for selected areas from prior year audits as requested by management or the Audit Committee.	Various	\$18,000
4	Contract Billing Audits (Annual)	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 (Annual)	The objective of this assessment is to review internal controls for gaps in design related to the requirements set forth in the DHSMV Drivers License or Motor Vehicle Record Data Exchange Memorandum of Understanding (MOU), Section V – Safeguarding Information.	IT Security	\$25,000
6	Right of Way - Procurement and Invoice Audit (One-Time)	Review the processes in place to procure Right of Way legal counsel. Identify the mix of in-house vs outsourced work. Review in-house legal invoice review procedures for ROW services for tasks and billings. Review the contracted rate structure for appraisal work (use of caps, mix of variable v fixed fees). The review may include a trending analysis of appraised cost values for recent purchases and a review of outliers.	Cost Containment Public Relations Records Management	\$30,000

Fiscal 2016 Internal Audit Projects

#	Project	Project Description	Risks	Estimated Cost
7	Toll Revenue Audit (Cyclical)	<p>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.</p> <p>Additionally, we may review the Authority's process for determining the ways to structure tolls (e.g. toll rates by axles vs flat rates, variable rate tolling, time of day tolling). We may also provide recommendations for enhancements to the structure, if in scope.</p>	Toll Collections Cash Handling	\$75,000
8	Bond Financing Review (Cyclical)	The Authority has \$2.5B of bonds issued and outstanding with varying terms. As part of this project, we will perform a risk assessment of the financing process, a review of the policies (including policies to procure the financial advisor, underwriter, attorneys, and others involved in the financing process), and a review of the process to structure financing deals and manage existing portfolio risk. This project may also include a review of the process to monitor bond covenant compliance.	Bond Financing / Covenant Compliance	40,000
9	Public Records Assistance (One-Time)	This review will focus on the Authority's records management processes and policies to comply with public records laws. Data retention surrounding electronic communications via email, mobile, and voice mail will also be reviewed to identify the technology needed to assist with capturing and retaining data from such communication. Additionally, we will review documentation retention schedules specific to document classification (different types must be kept for a different lengths of time) for consistency with rules established by the Florida Secretary of State.	Records Management	\$30,000
10	Change Management Review –Tolling System Replacement (One-Time)	The Authority is in the process of replacing the toll plaza collection system. Ongoing reviews will be performed to monitor and identify potential risks that may occur during the implementation of the tolling system. The objective of the review will be to provide an independent perspective around the current state process and controls in place to manage changes to the current system, to advise with the CFX implementation team on control design as necessary, and to provide the Board with independent assurance that risks are being appropriately considered and changes are being managed appropriately	Toll Collections	\$35,000

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Fiscal 2016 PCI Assessment

#	Project	Project Description	Risks	Estimated Cost
1	PCI Assessment with Report on Compliance (Annual)	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

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Other Potential Internal Audit Projects Not Included in the FY16 Internal Audit Plan

#	Project	Project Description	Risk	Estimated Cost
1	Right of Way Audit (Cyclical)	A new ROW committee is in place as of early fiscal year 2015 and the ROW has been recently updated. This audit will encompass reviewing the Authority's right of way process, 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 the appraisal process including appraisal guidelines and use of models, property owner notification, business owner notification, offers, good faith negotiations, suits, agreements, closings, settlement, and board review controls. 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
2	Customer Contact Center Re-Audit (One-Time)	If the Authority does not move to a centralized customer contact center back office, Protiviti subject matter experts will conduct a re-audit of the contact center to follow-up on an audit conducted during 2015. A new vendor is overseeing the operation as of July 1, 2015. The re-audit will involve a deep-dive review of progress toward the implementation of each prior audit recommendation as well as a comparison of the new vendor's performance against benchmarks and other leading practices by through silent observations of calls and statistical analysis to extrapolate results.	Back Office Consolidation Cost Containment Customer Satisfaction Public Relations	\$50,000
3	COSO 2013 Governance Controls Testing (One-Time)	This audit will focus on the testing of CFX's governance internal controls identified as part of the COSO 2013 governance review conducted in FY 2015. In addition, we may assist with implementing certain recommendations from the COSO 2013 review performed in FY15; specifically, developing a checklist for the Board and Board committees to be used to manage compliance with identified requirements from respective charters and the CFX ethics policy.	Governance Ethical Behavior	\$25,000
4	Information Security Risk Assessment (Cyclical)	FL Statute 282.318 and PCI requirement 12 states that organizations must implement a security risk assessment process to identify critical assets (and their corresponding threats and vulnerabilities), and results in a formal risk assessment. Protiviti will conduct a risk assessment 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.	IT Security	\$45,000

Other Potential Internal Audit Projects Not Included in the FY16 Internal Audit Plan

#	Project	Project Description	Risk	Estimated Cost
5	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
6	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
7	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
8	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
9	Human Resources Process Review	During the Human Resource Process review, we will evaluate the Human Resource process, policies, procedures and related internal controls. The review may include recruiting and hiring; training; performance evaluations; performance, reward, and recognition; and employee terminations. The HR process and controls will be reviewed for compliance with policies and comparison to leading HR practices. Lastly, the succession planning strategy will be reviewed and compared to leading practices.	Human Resources Succession Planning	\$25,000
10	P-Card and Gas Card Audit	The objective of the project will be to review P-card and Gas procurement expenditures to verify purchases are adequately supported and are for valid business purposes.	Cost Containment Fraud	\$20,000

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Other Potential Internal Audit Projects Not Included in the FY16 Internal Audit Plan

#	Project	Project Description	Risk	Estimated Cost
11	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
12	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
13	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
14	Ethics Policy Compliance Audit	The Authority adopted a new Code of Ethics in 2015 to enact the Florida Code of Ethics (Florida Statutes, Chapter 112, Part III) as the Authority's standard of conduct for board members, employees, and vendors. Internal Audit will review the compliance with the policy.	Ethical Behavior Financial Reporting	\$29,000
15	Safety and Maintenance Policy and Procedures Compliance Audit	The objective of this project will be to review the safety policies and procedures in place, including any recent technological enhancements to safety within the system (e.g. new technology measures to help prevent wrong way driving), and to test compliance with the safety policies.	Maintenance and Safety	\$30,000
16	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

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Other Potential Internal Audit Projects Not Included in the FY16 Internal Audit Plan

#	Project	Project Description	Risk	Estimated Cost
17	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
18	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
19	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
20	Sensitive Data / Data Management Review	The objectives of the project will be to identify if sensitive data is inappropriately stored in locations on the OOCEA network - in violation of company policy and leading practices. In addition, we will perform a high-level evaluation of the controls over the sensitive data repositories that are identified (if applicable) to determine if potential gaps exist.	IT Security	\$40,000
21	IT General Controls Review	This review will focus on the OOCEA Information Systems area. To accomplish this, we will assess the policies and procedures that are utilized to support the business critical applications and systems at OOCEA. Our approach will be to focus on the IT General Computer Controls which include the following components: Change Management, Logical Security, Physical Security, Security Administration, IT Organization & Management.	IT Infrastructure Application Controls Change Management	\$36,000

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Internal Audit Timeline

FY 2016 Estimated Project Timeline

Selected Audits

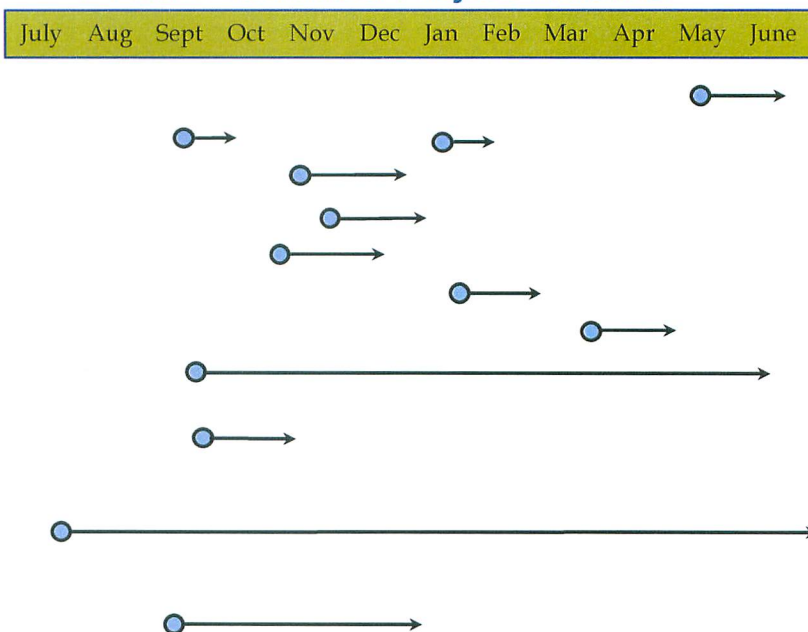
1. Internal Audit Plan and Risk Assessment
2. Prior Audit Recommendations: Semi-Annual Follow-Up
3. Contract Billing Audits
4. DHSMV Data Security Assessment
5. Right of Way Audit – Procurement and Invoice Audit
6. Toll Revenue Audit
7. Public Records Assistance
8. Change Management Review – Tolling System Replacement
9. Bond Financing and Covenant Review

Administration

10. Board and Audit Committee Meetings

PCI Assessment

11. PCI Assessment with Report on Compliance



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Appendix A

Internal Audit Charter

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Internal Audit Charter

Central Florida Expressway Authority Fiscal 2016 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.

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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 the Audit Committee and individually 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.

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¹⁸ 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 B

Enterprise Risk Assessment

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Enterprise Risk Assessment

To assist with the development of the fiscal 2016 Internal Audit Plan, Internal Audit used prior years' risk models and risk trending data as the starting point for discussions with the Board and management. Internal Audit asked the Board and management to consider the current business environment, critical business initiatives, and prior year audit results to provide input on which risks warranted the most focus in today's environment. In addition, management was asked to identify any new risks that may not have been considered in past years for inclusion in the current risk model.

Internal Audit utilized the aggregated input obtained during interviews with the Board and management and from risk surveys of management to develop a list of potential internal audit projects for fiscal 2016, 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 2016 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*
- Public Relations*[^]
- 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[^]
- Right of Way*[^]
- 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*
- Customer Satisfaction
- IT Infrastructure* / Business Continuity*
- IT Security*[^]
- IT Change Management*[^]
- Insurance Coverage
- Records Management[^]

Regulatory / Compliance

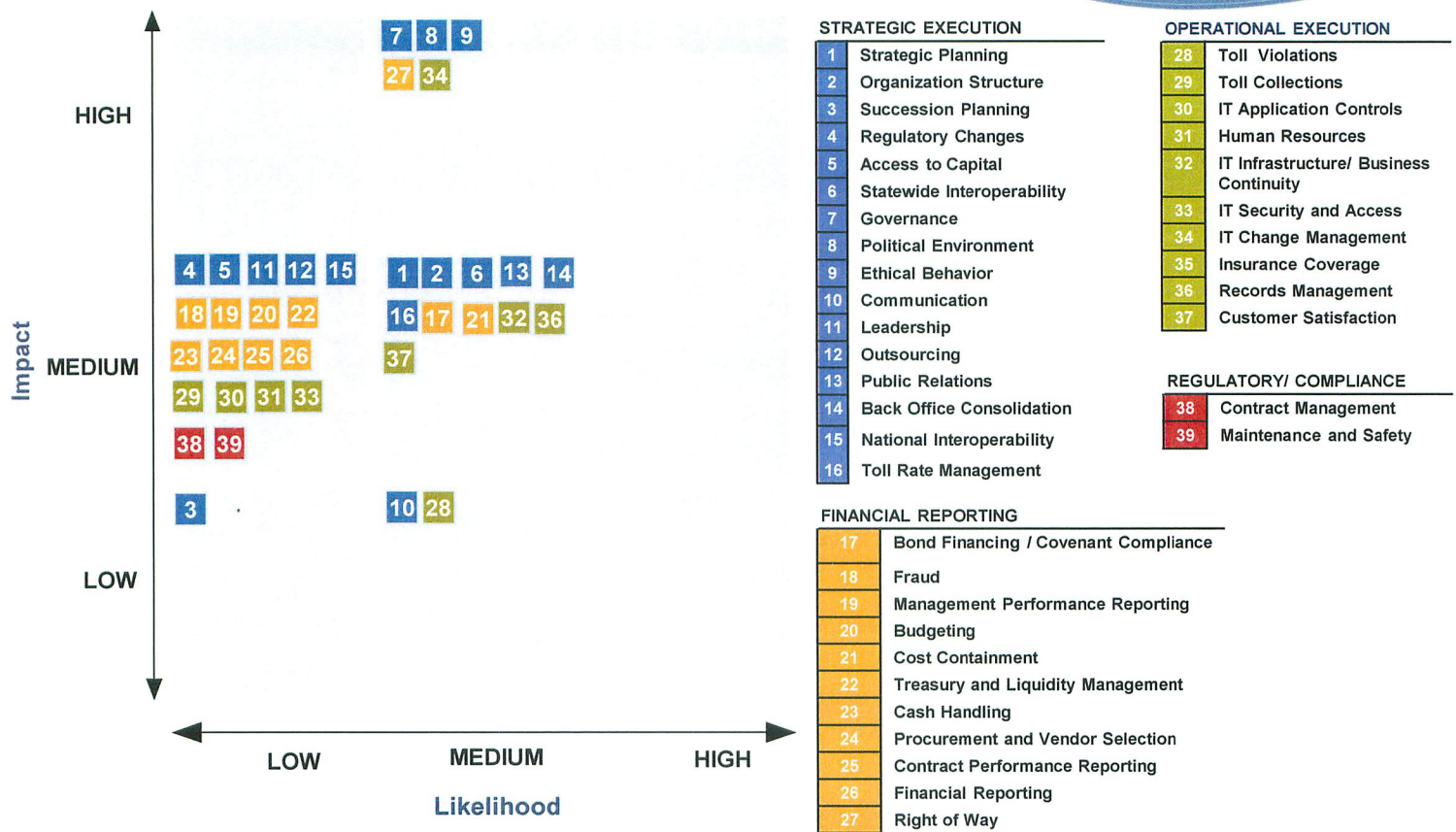
- Maintenance and Safety*
- Contract Management*[^]

- * Represents risks addressed by internal audits conducted during fiscal years 2009 – 2015.
- ^ Represents areas to be addressed by Fiscal 2016 Internal Audit projects

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Enterprise Risk Map – Residual Risk



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.
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.

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