Prior Audit Recommendations Follow-Up
January 7, 2013

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Internal Audit.

Executive Summary

As part of the Fiscal Year 2013 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
- 2011 Human Resources Process Review
- 2012 Right of Way Audit
- 2012 Toll Violation Audit

Internal Audit last reviewed the status of open audit recommendations in July 2012. Results were reported to the Audit Committee at that time.

This review was completed on January 7, 2013, 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 July 23, 2012, 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

Audit	Open as of July 23, 2012	New Recommendations	Completed Since July 23, 2012	In Process / Not Done as of January 7, 2013*	Past Due
2010 Ethics Audit	1	0	0	1	1
2010 Contracts Audit	1	0	0	1	0
2011 Human Resources Process Review	3	0	3	0	0
2012 Right of Way Audit	2	0	1	1	1
2012 Toll Violations Audit	9	0	7	2	1
Total	**16**	**0**	**11**	**5**	**3**

*Five recommendations are classified as "In Process." Three of the open recommendations are "Past Due."

Internal Audit Recommendation	Management Response	Management Status at January 7, 2013	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
5. Mission, Vision, and Core Values 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.	Concur	In Progress (Past Due)	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. The Board will consider ethics references in the vision and mission statements through the master plan development process over the next twelve months.	No testing performed as recommendation has not been implemented as of the date of our testing.	Original: 8/31/10 Revised: 7/31/12 Revised: 12/31/13	Concur

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7. 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).	Concur	b) In Progress	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.	No testing performed as recommendation has not been implemented as of the date of our testing.	b) 12/31/13	Concur

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5. Employees should be required to sign and date the form and return it to the Manager of HR as an acknowledgement that they received the handbook.	Concur	Complete	The Employee Handbook has been updated in PDF format for new employees. Cost saving policy initiatives are being considered by management, so the printing of the Handbook will be printed and distributed once these issues have been evaluated.	Per inquiry with Neel Long, Director of Human Resources, the revised Employee Handbook was distributed to each employee in October 2012. Each employee was required to acknowledge receipt of the handbook by signing the Addendum to the handbook. This will be required for new employees as well. Audit selected fifteen of 57 full-time permanent employees and obtained the signed "Addendum" to verify existence. No exceptions noted.	b) Original: 6/30/12 Revised: 3/31/13	Concur
7. The Authority should continue to update employee job descriptions when hiring for a position, but also should start reviewing and updating job descriptions annually as part of the performance appraisal process. In addition, HR should review and sign the job descriptions to control the risk of inappropriate job description changes that could lead to a pay increase request.	Concur	Complete	The Authority will continue to update employee job descriptions when hiring for a position, but will also start reviewing and updating job descriptions annually as part of the performance appraisal process. HR will review and sign the updated job descriptions. As of 7/23/2012, the Authority is currently undergoing performance evaluations which includes reviewing and updating job descriptions. The Manager of HR has provided a due date of 12/31/2012.	Per inquiry with Neel Long, Director of Human Resources, employee job descriptions were revised by the Directors of each department during the 2012 performance evaluation process and will be included with all future employee performance appraisals. Audit noted the job description file is kept electronically by Neel Long. Based on review of the documents, the job descriptions were last modified on August 1, 2012. Additionally, Neel Long confirmed that Directors of each department do not have access to the folder where the job descriptions are kept and are aware of the requirement to notify him in order to make any changes to a job description.	Original: 6/30/12 Revised: 12/31/12	Concur
9. Thirty-four states have implemented IIPP for worker safety and health protection. Florida is not one of those states. However, as a best practice, the Authority should consider developing an IIPP to include the following elements: management leadership, worker participation, hazard identification, hazard prevention and control, education and training, and program evaluation and improvement.	Concur	Complete	The Authority will develop IIPP that includes management leadership, worker participation, hazard identification, hazard prevention and control, education and training, and program evaluation and improvement.	Per inquiry with Neel Long, Director of Human Resources, the IIPP is in its draft version and was under review by the Operations Department at the time of inquiry. Audit inspected the draft version of the IIPP and noted the inclusion of topics such as management accountability, training, environmental protection, emergency action plan, and safe work practices. Neel Long expects the final IIPP to be presented to Max Crumit, Executive Director, by February for comments and/or approval. Audit determined the recommendation to consider developing an IIPP is complete.	Original: 12/31/12	Concur

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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.	Concur	In Progress (Past Due)	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. 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.	The updates to the Property Acquisition and Disposition Procedures Manual and the creation of right of way checklists have been postponed. Per inquiry with Dyana Petro, Assistant General Counsel, the Authority is in the process of selecting a new Right of Way Counsel. Once the counsel has been selected, the Authority will move forward with the recommendation.	Original: 6/30/12 Revised: 1/1/13 Revised: 6/30/13	Concur
2. Recordkeeping of Conflict of Interest Forms: (A) Waivers or explanations for non-significant third parties or consultants should be completed or documented by in-house legal counsel for related parties or consultants to which a COI form was not received. (B) The COI log / tracker should be reviewed quarterly by the assistant general counsel to ensure all COI forms are returned. (C) Deputy Ethics officer should continue the current process to follow up on all stated conflicts.	Concur	Complete	Management will review the need for an update to the current ethics policy to determine whether changes to the conflict of interest policy (only in relation to the acquisition of real property) are warranted. Key considerations would be the exclusion of consultants / vendors whose services to the Authority are not of the kind that could reasonably be seen to create a conflict of interest.	Per inquiry with Dyana Petro, Assistant General Counsel, general counsel decided to revise the wording of the conflict of interest policy to the following: "OOCEA Board members, employees, and consultants in a position to influence Authority decisions shall refrain from relationships that may adversely affect their judgment in dealing with OOCEA business." The revised policy excludes non-significant third parties (e.g., all vendors and consultants with no influence over Authority decisions). Therefore, a waiver or explanation for non-significant third parties is no longer necessary. Audit obtained the updated policy and confirmed that the changes were made and were appropriate. Additionally, Dyana explained that the change in wording would create a secondary process of identifying consultants that can influence Authority decisions, allowing the Authority to ensure that the third parties that are sent the conflict of interest documents are relevant. This will also improve the tracking process of the completed conflict of interest documents.	Original: 6/30/12 Revised: 1/1/13	Concur

Internal Audit Recommendation	Management Response	Management Status at January 7, 2013	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
1. Improve Process to follow-up on license plates identified as unreadable: Management should determine if it is reasonable to complete an additional layer of review over unreadable images. Management should consider implementing a process to decrease the error rate over incorrectly identified unreadable images, i.e., review 100% of unreadable images. Additionally, management should consider appointing a Toll Operations & QC Specialist to complete a monthly review of the QC audit report summary kept by the VES Supervisor. The QC audit report should be reviewed to analyze the overall error rate, alongside individual image review clerks' error rates, month over month. Management should work with ACS to ensure the 98% license plate image review accuracy threshold is being met.	Concur	Complete	The Authority will look to determine if additional review of unreadable images is cost effective and practical to implement while also considering the current level of progress on the state wide back office consolidation. The Authority will complete a cost benefit analysis of the potential additional revenue that may be available to be generated by such a process. The Authority will also look to determine if significant progress on back office consolidation has been made and if implementation should be accepted, deferred or rejected at that time.	Per inquiry with David Wynne, Director of Toll Operations, a cost-benefit analysis was performed regarding an additional layer of review over unreadable images. Audit obtained the analysis completed by Dave Wynne and noted the Summary Findings stated there would not be a prudent business case for providing an additional layer of review and the potential recovered revenue each month would not exceed the additional expense on the cost center. Audit reviewed the assumptions and calculations within the cost-benefit analysis and found them reasonable and appropriate.	10/1/12	Concur
2. Implement a control to review and approve voided UTNs: Management should appoint a Toll Operations & Quality Control Specialist to complete a monthly Quality Control audit over voided UTNs. The Quality Control audit should include a judgmentally selected sample of all voided UTNs during the month to verify proper justification for each voided UTN. Additionally, the policy should be updated to reflect any repercussions for voiding a UTN without proper documentation and/or justification.	Concur	Complete	The Toll Operations/Quality Control Specialist will perform a monthly audit to ensure proper reasoning and documentation is being used to void UTNs. A Toll Operations/Quality Control Specialist was hired on June 25th and is currently undergoing training. The monthly audit regarding support to void UTNs should be completed prior to the established deadline.	Per inquiry with David Wynne, Director of Toll Operations, the UTN audit performed by Wideline Dorvil, QC Specialist, was implemented beginning September 2012 and is completed on a monthly basis. Audit obtained the September 2012 Voided UTN Audit and noted findings included transactions that should have been removed from a UTN and other transactions that should not have been removed from a UTN. The QC Specialist provides the audit report to the VES Department, which then provides responses to the findings and uses the report to assist in coaching employees.	9/1/12	Concur
3. Implement a control to check completeness of UTN and UTC files sent to AXIS for printing: Appoint an individual to review each file sent to AXIS for completeness. Additionally, as a completeness check, verify the number of UTNs and UTCs printed and mailed by AXIS, against the file originally sent to AXIS. This check can be performed by reconciling the total transactions processed (as detailed on the AXIS vendor invoices to the Authority) to the transaction totals in the data files originally sent from the Authority to AXIS. Any discrepancies should be reported to the Manager of VES & Special Projects.	Concur	Complete	The Toll Operations/Quality Control Specialist will perform a monthly audit to ensure the UTNs and UTCs generated by OOCEA match the number processed and mailed by OOCEA's printing contractor. A Toll Operations/Quality Control Specialist was hired on June 25th and is currently undergoing training. The monthly audit regarding UTN/UTC accuracy should be completed prior to the established deadline.	Per inquiry with David Wynne, Director of Toll Operations, the monthly UTN and UTC Print Services Reconciliation is performed by Wideline Dorvil, QC Specialist. Audit obtained the December 2012 reconciliation, the UTN and UTC File, and the AXIS invoice. Audit agreed the transaction totals in the UTN and UTC data files and the details from the AXIS invoice to the reconciliation. Audit noted the presence of various notes clarifying reasons for variances as well as general information regarding AXIS printing policies and procedures.	9/1/12	Concur

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4. Management should work with the court system to agree on a record keeping method and timely notification system to provide the Authority with information regarding their toll violators which have made payments through the court system. Until a process is established between the Authority and court system, management should consider maintaining an up to date tracking system of all outstanding UTCs that have gone to the court and update it as soon as the Authority becomes aware that a decision has been reached at the court level.	Concur	In Progress	The Authority will continue as it has in the past to work with the clerk of the court to obtain the needed information and will also attempt to create a manual tracking process in the event an electronic process cannot be accomplished as it would require assistance from the clerk of the court office. Consideration of the current level of progress on the state wide back office consolidation should also be taken into account before moving forward. Director of Toll Operations will facilitate a meeting with the Clerk of Court to determine if we can get the needed information. If the needed information can be obtained then we will discuss implementing system changes required to facilitate this process with IT.	No testing performed as recommendation has not been implemented as of the date of our testing. The Clerk of Court data that is submitted to the Authority regarding UTC payments includes customer information, but the ability to merge the data files into TRIMS is pending IT development.	3/1/13	Concur
5. Process Improvement: Consider the cost/benefit of working with the Florida Turnpike Enterprise and/or other state agencies to acquire the appropriate system access/licensing to enable look up of toll violators regardless of state or tag type. The potential increase in revenue associated with this opportunity is estimated to exceed $851,000 annually as depicted in the background section of this report.	Concur	Complete	The Authority will continue to negotiate with the Florida Turnpike (FTE) on obtaining the needed information. Director of Toll Operations will continue the discussion with FTE. If negotiations prove futile we will move forward with the current agreement in hand. As of July 26, 2012, the Director of Toll Operations, David Wynne, has obtained verbal agreement from the Executive Director of the Florida Turnpike Enterprise that they will incorporate a license look up system.	Audit obtained the Memorandum to the Board titled "The Vehicle License Place Services Agreement with FDOT" and confirmed through inspection that the agreement will allow the Authority to submit out of state and in state exception license plate data to FDOT to obtain registered owner information for toll collection and violation enforcement. The memorandum is to be presented to the Authority Board at the February 2013 Board meeting. Audit determined the recommendation to consider a licensing agreement is complete.	12/31/12	Concur

Toll Violations Audit
March 2012 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at January 7, 2013	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)	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. 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.	No testing performed as recommendation has not been implemented as of the date of our testing. Per inquiry with David Wynne, Director of Toll Operations, a consultant was hired by the Authority to report on industry debt collection practices and the report is pending.	Original: 1/1/13 Revised: 3/31/13	Concur
8. Process Improvement: Management should determine if and when it is necessary to create and formulate a plan to upgrade the software in all express lanes to the ORT software in an attempt to standardize express lane software for consistency and improvement of the overall process.	Concur	Complete	The Authority will move forward in regards to completing the technology upgrade of its remaining express lanes to the ORT standard configuration. Director of Toll Operations will prepare a scope of work and anticipated cost estimate for the upgrade of these lanes. In the event funds are available in the work plan the project could commence and be completed by the due date. If funds are not available it would need to be deferred until 9/1/13. Consideration of the current level of progress on the state wide back office consolidation should also be taken into account before moving forward.	Per inquiry with David Wynne, Director of Toll Operations, the Authority has made a decision to install a new toll system over the next two years. Therefore, the recommendation to upgrade the ORT software in the express lanes is not necessary at this time. Per David Wynne, the latest ORT standard configuration will be part of the installation of the new system.	3/1/13	Concur

Toll Violations Audit
March 2012 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at January 7, 2013	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
9. Process Improvement: Consider the cost /benefit of upgrading ramp cameras to stay on par with the technology of other state agencies. Consider the impact of using the most up to date technology to capture the maximum number of violators.	Concur	Complete	The Authority will continue to work on upgrading its cameras system to current technology. Director of Toll Operations will prepare a scope of work and anticipated cost estimate for the upgrade of these lanes. In the event funds are available in the work plan the project could commence and be completed by the due date. If funds are not available it would need to be deferred until 9/1/13. Consideration of the current level of progress on the state wide back office consolidation should also be taken into account before moving forward. The funds have been approved for the Fiscal Budget of 2013. The Director of Toll Operations is currently working on creating a schedule to obtain the upgrades.	Per inquiry with David Wynne, Director of Toll Operations, the Authority has made a decision to install a new toll system over the next two years. Therefore, the recommendation to upgrade the camera system is not necessary at this time. Per David Wynne, an upgraded camera system will be part of the installation of the new system.	3/1/13	Concur
11. Process Improvement: Work with ACS to come to an agreement to develop specific coaching/disciplinary actions for pre-set number of times that a review clerk does not meet the accuracy threshold. Additionally, management should consider instituting a reward or incentive program for consistently well-performing individuals. Implementing clearly defined disciplinary action guidelines would motivate image review clerks to increase accuracy, in turn increasing revenue due to better disposition of images. Management should consider the cost/benefit of increasing the sample size of images reviewed for each image review clerk during the monthly QC audits.	Concur	Complete	The Authority will work with the current contractor on reviewing and updating the image review audit and its associated coaching and disciplinary action plan. As a part of this plan the Authority will look to see if it is feasible to implement an incentive plan regarding image review production and accuracy. Manager of VES and Special Projects will prepare a review and recommended changes to the image review audit and its associated coaching and disciplinary action plan. In addition discussion will be had with the contractor regarding a potential incentive plan for image review staff.	Per inquiry with Dave Wynne, Director of Toll Operations, a Performance Management Plan and Performance Recognition Plan were developed for Image Review Clerks. Audit obtained the details regarding each of the plans and noted that the Performance Management Plan includes a verbal warning, remedial training, and a final warning prior to termination. Additionally, the Performance Recognition Plan identifies top performers and rewards them with gift cards and lunches on a monthly basis. Per Johanna Rodriguez, VES Supervisor, the sample size of the VES QC image review audit was increased from 90 to 120 images per Image Review Clerk. Wideline Dorvil, QC Specialist, conducts a second monthly QC image review audit of 120 images per IRC for additional accuracy reporting.	9/1/12	Concur