

# CENTRAL FLORIDA EXPRESSWAY AUTHORITY

## AGENDA CENTRAL FLORIDA EXPRESSWAY AUTHORITY AUDIT COMMITTEE MEETING September 22, 2016 11:00 – 12:00 PM Pelican Room #107

- I. CALL TO ORDER
- II. 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.
- III. APPROVAL OF THE JUNE 23, 2016 MINUTES – **Action Item**
- IV. EXTERNAL AUDIT MATTERS –Aneth Williams
  - A. Procurement Process for Selection of the External Auditor- Info Item
  - B. Assignment of committee member(s) to selection committee- **Action Item**
- V. INTERNAL AUDIT MATTERS- Protiviti
  - A. Status Update: Fiscal 2016 Internal Audit Plan- Info Item
  - B. Procurement and Contract Billing Audits
    - 1. Contract Selections- Info Item
    - 2. Subject Matter Expert Travel Expenses- **Action Item**
  - C. Review and Acceptance of Prior Audit Recommendations Follow-Up- **Action Item**
- VI. OTHER BUSINESS
- VII. ADJOURNMENT

This meeting is open to the public.

Note: Any person who decides to appeal any decision made at this meeting will need record of the proceedings and for that purpose, may need to ensure that a verbatim record of the proceedings is made which includes the testimony any evidence upon which the appeal is to be based, per Florida Statute 286.0105.

In accordance with the Americans with Disabilities Act (ADA), if any person with a disability as defined by the ADA needs special accommodation to participate in this proceeding, then not later than two (2) business days prior to the proceeding, he or she should contact the Central Florida Expressway Authority at (407) 690-5000.

4974 ORL TOWER RD. ORLANDO, FL 32807 | PHONE: (407) 690-5000 | FAX: (407) 690-5011

Persons who require translation services, which are provided at no cost, should contact CFX at (407) 690-5000 x5317 or by email at [Iranetta.dennis@CFXway.com](mailto:Iranetta.dennis@CFXway.com) at least three business days prior to the event.

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WWW.CFXWAY.COM



# CENTRAL FLORIDA EXPRESSWAY AUTHORITY

## MINUTES CENTRAL FLORIDA EXPRESSWAY AUTHORITY AUDIT COMMITTEE MEETING June 23, 2016

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### Committee Members Present:

Brian Battles, City of Orlando Representative, Chairman  
Kristy Mullane, Lake County Representative  
Kaye Dover, Osceola County Representative  
Tamrin Mahon, Citizen Representative  
Eric Gassman, Orange County Representative

### Committee Member Not Present:

Bruce McMenemy, Seminole County Representative

### Also Present:

Ruth Valentin, Recording Secretary/Office Coordinator  
Laura Kelley, Executive Director  
Linda Lanosa, Deputy General Counsel  
Lisa Lumbar, Chief Financial Officer  
Corey Quinn, Chief of Technology/ Operations  
Jeff Tecau, Protiviti  
David Taylor, Protiviti  
Chris Porter, Protiviti

### 1. CALL TO ORDER

The meeting was called to order at 10:00 a.m. by Chairman Brian Battles.

### 2. PUBLIC COMMENT

There was no public comment.

### 3. APPROVAL OF MINUTES

A motion was made by Ms. Dover and seconded by Ms. Mullane to accept the April 27, 2016 Audit Committee minutes as presented. The motion carried unanimously with five members voting AYE by voice vote; Mr. McMenemy was not present.

#### **4. INTERNAL AUDIT MATTERS**

##### **Status of Fiscal 2016 Internal Audit Plan**

Jeff Tecau presented the status of the Fiscal Year 2016 Internal Audit Plan.

##### **Review and Acceptance of 2015 PCI Assessment with Report on Compliance**

David Taylor presented the 2015 PCI Assessment with Report on Compliance for review and acceptance. (Presentation attached as Exhibit "A")

**A motion was made by Mr. Gassman and seconded by Ms. Mullane to accept the PCI Assessment with Report on Compliance. The motion carried unanimously with five members voting AYE by voice vote; Mr. McMenemy was not present.**

##### **Confirmation of No Disagreements with Management**

Jeff Tecau informed the Audit Committee members that Protiviti had no disagreements with management for Fiscal Year 2016.

#### **5. ANNUAL MANAGEMENT REVIEWS OF INTERNAL CONTROL MATTERS**

Effectiveness of the Internal Control System, Including IT Security and Control- Lisa Lumbar spoke regarding the effectiveness of internal control.

- All policies are approved by the Board and procedures are approved by the Executive Director. They are reviewed every two years to be updated as necessary.
- CFX has open communication with internal and external auditors that help ensure internal controls.

Process for Assessing, Monitoring and Controlling Significant Risks- Lisa Lumbar spoke regarding the process for assessing, monitoring and controlling significant risks.

- Protiviti completes an Annual Risk Assessment to gather opinions on risks that Board members and staff believe CFX may have.
- Employees can contact the hotline for anything that needs to be addressed.

System for Monitoring Compliance with Laws and Regulations- Linda spoke in regards to monitoring compliance.

- Two attorneys in house
- They attend all management meetings and all Board and Committee meetings
- They are available as needed with an open door policy
- Contracts are reviewed and approved by legal
- They monitor or defend or prosecute all litigation

- They review policies, rules, and procedures
- All necessary filing and disclosure are coordinated with outside counsel
- No action suits, proceedings, or investigations are pending or threatened against CFX that would impact our obligations, and we proceed no notice of default
- Implemented self-training on public records act and sunshine laws annually

Adequacy, Administration and Compliance with the Authority's Code of Ethics-Linda Lanosa spoke regarding effectiveness of the system for monitoring compliance with the ethics code.

- Automated system for tracking disclosure forms
- Hotline- No reports
- Financial Disclosure forms due July 1, 2016
- Voting conflicts are reviewed internally

Procedures for "Hotline" Reporting- Laura Kelley spoke regarding the hotline.

- Tested occasionally
- The Chairman of the Board, the Executive Director, and the General Counsel are notified when the hotline has been used.
- If the call is about the Executive Director or the General Counsel, they are excluded from being notified.

## **6. ANNUAL DISCUSSION REGARDING INTERNAL AUDIT PERFORMANCE AND EFFECTIVENESS**

The Audit Committee Charter requires an annual discussion regarding internal audit performance and effectiveness.

Comments received regarding Protiviti's performance:

- Discussions are clear and detailed
- Reports and formats are good
- Relationship and reports are professional
- Recommendation was made to keep committee informed about audit plan throughout the Fiscal Year

## **7. ANNUAL DISCUSSION REGARDING AUDIT COMMITTEE AND INDIVIDUAL MEMBER PERFORMANCE**

The Audit Committee Charter requires an annual discussion regarding Audit Committee and individual member performance.

Comments received regarding the committee as a whole:

- Brian Battles has done a good job as chairman by making comments and coming prepared
- Committee functions great and comes prepared

**8. ANNUAL CONFIRMATION OF COMPLETION OF RESPONSIBILITIES IN THE AUDIT COMMITTEE CHARTER**

Jeff Tecau provided background that Protiviti helps the Audit Committee ensure it completes all of its annual responsibilities as outlined in the Audit Committee Charter. All responsibilities have been completed for fiscal year 2016. A matrix has been provided to confirm completion of responsibilities. (Matrix attached as Exhibit "B")

**9. ANNUAL ROTATION OF THE AUDIT COMMITTEE CHAIR**

On September 11, 2016 Bruce McMenemy, Seminole County Representative will become the new Audit Committee Chairman.

**10. OTHER BUSINESS**

It was discussed that an additional Audit Committee meeting may be scheduled before September in order to include the required communication from our external auditors.

It was requested to have periodic financial updates moving forward.

**11. ADJOURNMENT**

The meeting adjourned at 11:11 a.m.

Minutes approved on \_\_\_\_\_, 2016.

*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 Records Management Liaison Officer at [publicrecords@CFXway.com](mailto:publicrecords@CFXway.com) or 4974 ORL Tower Road, Orlando, FL 32807.*

# CENTRAL FLORIDA EXPRESSWAY AUTHORITY

## MEMORANDUM

TO: CFX Audit Committee Members

FROM: Lisa Lumbard, CFO

DATE: September 16, 2016

SUBJECT: Procurement of External Auditing Services

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CFX's current contract with its external auditors, Moore Stephens Lovelace, is expiring February 28, 2017 and there are no renewals left. Attached is the previous RFP that was used in the procurement. Aneth Williams, Director of Procurement, will be at the Audit Committee Meeting to get feedback from the Committee as to any changes that you may want for this procurement.

Per the Audit Committee Charter and CFX's Procurement Policy and Procedures, the Committee is to appoint a member to serve on the Evaluation Committee for all external audit services. Staff is requesting that the Audit Committee appoint a member at this meeting to serve on the External Auditing Services Evaluation Committee. A tentative schedule of the procurement process will be provided at the Audit Committee Meeting to help in the selection of the member.

**PROPOSAL SUBMITTAL REQUIREMENTS**

**EXTERNAL AUDITING SERVICES**

**CONTRACT NO. 000841**

**PROPOSAL DUE DATE: OCTOBER 28, 2012**



**ORLANDO-ORANGE COUNTY  
EXPRESSWAY AUTHORITY**



**PROPOSAL SUBMITTAL REQUIREMENTS  
FOR  
EXTERNAL AUDITING SERVICES**

**CONTRACT NO. 000841**

**September 2011**

**Members of the Board**

**Walter A. Ketcham, Jr., Chairman  
Tanya J. Wilder, Vice Chairman  
Teresa Jacobs, Secretary/Treasurer  
Noranne B. Downs, P.E., Ex-Officio Member  
R. Scott Batterson, P.E., Member**

**Executive Director**

**Michael Snyder, P.E.**

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**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY  
NOTICE OF REQUEST FOR PROPOSALS FOR  
EXTERNAL AUDITING SERVICES  
CONTRACT NO. 000841**

The Orlando-Orange County Expressway Authority (Authority) requires the services of an independent Certified Public Accountant firm to perform annual audit examinations of the Authority's financial statements. Consideration will be given to only those respondents who are qualified to perform the work as determined by the Authority. Proposal documents are available for download at the Authority's web site located at [www.expresswayauthority.com/Corporate/administration/Contracting/Default.aspx](http://www.expresswayauthority.com/Corporate/administration/Contracting/Default.aspx). Proposer registration is required to access and download documents. Instructions for registration are provided on the website.

**DESCRIPTION OF SERVICES:** Services shall be as detailed in the Scope of Services and may include, but are not limited to: producing a financial audit as defined in Section 11.45(1)(c) of Florida Statutes comprising the Annual Financial Report including the general purpose financial statements and certain supplementary financial data; annual financial and compliance audit of all Federal and State grant-in-aid programs in accordance with OMB Circular A-133 and the Single Audit Act of 1984, as amended, if applicable under requirements of OMB Circular A-133; annual compliance attestation of State grants and aids appropriations to the extent required by Chapter 10.550, Rules of the Auditor General; annual Management Letter as defined by Auditor General Rule 10.554(1)(i) including a statement in accordance with Sections 218.39(4), Florida Statutes; a separate audit and report of the Schedule of Reimbursable costs to the Florida Department of Transportation; and any other required reports under statute of GAAP.

The annual audits to be performed will be for the fiscal years ending June 30, 2012, 2013, 2014 with two options to renew for the fiscal years ending June 30, 2015 and 2016.

**QUALIFICATION REQUIREMENTS:** The firm shall be a member in good standing of both the American Institute of Certified Public Accounts and the Florida Institute of Certified Public Accountants and meet the appropriate criteria for independence.

The firm shall be a legal entity in the State of Florida and shall have performed continuous C.P.A. services for a minimum of five years.

Firms must demonstrate they have the ability to provide the services necessary throughout the duration of the contract and are willing to meet the requirements of the Authority as stated in the Scope of Services.

The Authority will evaluate and determine the relative ability of each firm to perform the required services based upon the information provided by the firm in response to the RFP.

**NON-SOLICITATION PROVISION:** From the first date of publication of this Notice, no person may contact any Authority Member, Officer, Employee, or any selection committee

member, with respect to this Notice or the services to be provided, except as related to the submittal requirements detailed in the RFP. Reference is made to the lobbying guidelines of the Authority for further information regarding this Non-Solicitation Provision.

**SUBMITTAL DUE DATE:** Submittals will be received by the Authority until 1:30 p.m. Orlando local time, on October 28, 2011. Submittals delivered or received after that time and date will be disqualified.

**CODE OF ETHICS:** All contractors selected to work with the Authority are required to comply with the Authority's Code of Ethics, a copy of which is available on the Authority's web site at [www.expresswayauthority.com](http://www.expresswayauthority.com).

**EQUAL OPPORTUNITY STATEMENT:** The Orlando-Orange County Expressway Authority, in accordance with the provisions of Title VI and Title VII of the Civil Rights Act of 1964, as amended, prohibits discrimination on the basis of race, color, sex, national origin, age, religion and disability. The Authority hereby notifies all firms and individuals that it requires and encourages equal employment opportunity for minority and women as employees in the workforce.

**MINORITY/WOMEN/DISADVANTAGED BUSINESS ENTERPRISE**

**PARTICIPATION:** The Orlando-Orange County Expressway Authority hereby notifies all firms and individuals that it will require affirmative efforts be made to ensure participation of local minority and women business enterprises on contracts awarded by the Authority.

**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY**

Claude Miller  
Director of Procurement

**PROPOSAL SUBMITTAL REQUIREMENTS  
FOR  
EXTERNAL AUDITING SERVICES  
CONTRACT NO. 000841  
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**PROPOSAL SUBMITTAL REQUIREMENTS  
EXTERNAL AUDITING SERVICES  
CONTRACT NO. 000841**

**1.0 REQUEST FOR PROPOSAL (RFP)**

**1.1 INVITATION**

The Orlando-Orange County Expressway Authority (Authority) invites responses to this Request for Proposals from independent Certified Public Accountant firms to perform annual audit examinations of the Authority's financial statements. The full description of the scope of services is attached as Exhibit "A", Scope of Services.

For the purpose of this RFP, the term "Proposer" means the prime Proposer acting for itself. The term "proposal" means the complete response of the Proposer to the request for proposals, including properly completed forms and supporting documentation.

**1.2 BACKGROUND**

The Authority is a body politic and corporate and an agency of the State of Florida established pursuant to Chapter 348, Part V, Florida Statutes, for the purpose of financing, planning, designing, constructing and operating a limited access expressway road system in Orange County, Florida.

The Governing Board for the Authority is composed of five members. Three members of the Board are citizens of Orange County appointed by the Governor, the fourth member is the Mayor of Orange County, Florida, as an ex-officio voting member, and the fifth member is the District Five Secretary for the Florida Department of Transportation, also as an ex-officio voting member. The Authority is managed by an Executive Director appointed by the Board who is responsible for the day to day operations and oversees a staff of approximately 60 full-time employees. Since its establishment, the Authority has constructed 105 centerline miles of limited access expressways in Orange County, which currently includes portions of S.R. 528 (Beachline Expressway), S.R. 408 (East-West Expressway), portions of S.R. 417 (Central Florida GreeneWay), portions of S.R. 429 (Daniel Webster Western Beltway), and S.R. 414 (John Land Apopka Expressway).

**1.3 PROJECT IDENTIFICATION**

The project is identified as Authority Contract No. 000841.

**1.4 CONTRACTING AGENCY**

The contracting agency is the Orlando-Orange County Expressway Authority referred to herein as the "Authority".

## **1.5 VERBAL INSTRUCTIONS AND ADDENDA**

All questions relative to interpretation of the proposal documents or the procurement process shall be addressed in writing as indicated below. At the Authority's discretion, inquiries received within seven (7) days of the date set for the receipt of proposals may not be given any consideration. Any interpretation made to prospective proposers will be expressed in the form of an addendum which, if issued, will be made available on the Authority's website for download by registered proposers no later than five (5) days before the date set for receipt of proposals. Oral answers will not be authoritative.

It will be the responsibility of the prospective proposer prior to submitting proposals to ascertain if any addenda have been issued, to obtain all such addenda, and to acknowledge receipt of addenda on the Acknowledgement of Addendum form (page PSR-15). All addenda will be posted on the Authority's web site at [www.expresswayauthority.com/Corporate/administration/Contracting/Default.aspx](http://www.expresswayauthority.com/Corporate/administration/Contracting/Default.aspx).

Questions may be submitted via e-mail at RFP000841@oocea.com. The Authority prefers questions be sent via e-mail; however, they can be faxed to the Manager of Procurement at the number indicated below. The contract number must be referenced in the subject line. All requests or questions should be clearly marked and must be received no later than 4:00 p.m., Orlando local time, on October 21, 2011.

Orlando-Orange County Expressway Authority  
Procurement Department Attn: Robert Johnson, Manager of Procurement  
4974 ORL Tower Road, Orlando FL 32807  
407-690-5000 Office, 407-690-5032 Fax  
RFP000841@oocea.com E-mail

No negotiations, decisions, or actions shall be initiated or executed by a Proposer as a result of any verbal discussions with an employee of the Authority. Only those communications, which are in writing from the Authority, may be considered as a duly authorized expression on behalf of the Authority. Also, the Authority will recognize only written communications from Proposers, which are signed by persons who are authorized to contractually bind the Proposers, as duly authorized expressions on behalf of the Proposers.

The Authority will make available to all Proposers in receipt of the Request for Proposal, the Authority's written responses to a Proposer's question(s) in the form of an addendum.

## **1.6 AUTHORIZATIONS AND LICENSES**

Proposers who are corporations must be authorized to do business in the State of Florida. Such authorization and licenses should be obtained by the Proposal due date and time. Professional must be licensed in the State of Florida.

## **1.7 QUALIFICATIONS FOR SERVICES**

### **1.7.1 GENERAL**

The Authority will determine whether the Proposer is qualified to provide the services being contracted based on the Proposer demonstrating in its proposal satisfactory experience and capability in the work area. The Proposer shall include the necessary experienced personnel and facilities to support the activities required by the Contract.

### **1.7.2 QUALIFICATIONS OF PERSONNEL**

Those key individuals who will be directly providing contract services must have demonstrated specific experience as detailed in the Scope of Services. Individuals whose qualifications are presented shall be committed to the project for its duration.

## **1.8 RESERVATIONS AND RESPONSIVENESS OF PROPOSALS**

### **1.8.1 RESERVATIONS**

The Authority reserves the right to accept or reject any or all proposals received and reserves the right to make an award without further discussion of the proposals submitted. Therefore, the proposals should be submitted initially in the most favorable manner. It is understood that the proposal will become a part of the Authority's official file on this matter without obligation on behalf of the Authority. The contents of the proposals are subject to the Florida Public Records Act.

### **1.8.2 RESPONSIVENESS OF PROPOSALS**

All proposals shall be in writing. A responsive proposal is one which conforms in all-material respects to the requirements contained herein. Proposals may be rejected if found to be irregular or not in conformance with these requirements and instructions. A proposal may be found to be irregular or non-responsive by reasons including, but not limited to, failure to use or complete prescribed forms, conditional proposals, incomplete proposals, indefinite or ambiguous proposals, and improper or undated signatures.

Other conditions which may cause rejection of proposals include: evidence of collusion among Proposers; lack of experience or expertise to perform the required work; failure to perform or meet financial obligations on previous contracts; an individual, firm, partnership, or corporation is on the United States Comptroller General's List of Parties Excluded from Federal Procurement and Non-Procurement Programs.

Proposals will be disqualified if delivered or received after the date and time specified as the due date for submission. Disqualified Proposers will be notified in writing. Although these proposals will not be considered for evaluation they will be kept on file as disqualified.



### **1.8.3 MULTIPLE PROPOSALS**

Proposals may be rejected if more than one proposal is received from an individual, firm, partnership, corporation, or combination thereof, (furnished as the prime Proposer) under the same or different names. Such duplicate interest may cause the rejection of all proposals in which such Proposer has participated.

### **1.8.4 WAIVERS**

The Authority may waive minor informalities or irregularities in proposals received where such is merely a matter of form and not substance, and the correction or waiver of which is not prejudicial to other Proposers. Minor irregularities are defined as those that will not have an adverse effect on the Authority's interest and will not give a Proposer an advantage or benefit not enjoyed by other Proposers.

### **1.8.5 CONTRACTUAL OBLIGATIONS**

Each individual, partnership, firm, or corporation that is part of the successful Proposer's team, either by joint venture or subcontract, will be subject to, and comply with, the contractual requirements.

## **1.9 COST INCURRED IN RESPONDING**

Neither the Authority nor any other public agency shall be committed to pay any costs incurred by an individual, firm, partnership, or corporation in the submission of a proposal.

## **1.10 EQUAL OPPORTUNITY STATEMENT**

The Orlando-Orange County Expressway Authority, in accordance with the Provisions of Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000e et seq., the Florida Civil Rights Act of 1992, as amended, § 760.10 et seq., Fla. Stat. (1996), and other federal and state discrimination statutes, prohibits discrimination on the basis of race, color, sex, age, national origin, religion, and disability or handicap. The Authority requires and encourages equal employment opportunity for minority and women as employees in the work force.

## **1.11 CANCELLATION PRIVILEGES**

The performance by the Authority of any of its obligations under this RFP and subsequent Contract will be subject to and contingent upon the availability of monies lawfully appropriated for such purposes. If the Authority deems at any time during the term of the Contract that monies lawfully applicable to the Contract are unavailable for the remainder of the Contract term, the Authority will notify the Contractor in writing, whereupon the obligations of the parties herein shall end within thirty (30) days upon giving of such notice and the Contract shall be considered canceled by mutual consent.

## **2.0 PROPOSAL SUBMISSION**

### **2.1 GENERAL**

By submitting a proposal, the Proposer represents that he/she understands and accepts the terms and conditions to be met and the character, quality, and scope of services to be provided. All proposals and associated forms shall be signed and dated in ink by a duly authorized representative for the Proposer.

### **2.2 SUBMITTAL REQUIREMENTS**

The original and six (6) copies of the Technical Proposal, and one (1) compact disk with an electronic version in pdf format with a resolution of 300 dots per inch (dpi), shall be submitted in a sealed envelope(s), identified as the Technical Proposal, and bearing on the outside the following:

Proposal For: EXTERNAL AUDITING SERVICES  
Contract No.: 000841  
Submitted To: ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY  
Submitted By: PROPOSER'S NAME  
PROPOSER'S ADDRESS  
CITY, STATE, ZIP CODE  
PROPOSER'S PHONE NUMBER  
PROPOSER'S CONTACT NUMBER AND E-MAIL ADDRESS  
DATE SUBMITTED

An original and one (1) copy of the Fee Schedule (Exhibit D) shall be submitted in a sealed envelope, separate from the Technical Proposal. The envelope shall be identified as the Fee Schedule and shall include the same information on the outside as shown for the Technical Proposal. Fee Schedules will be opened after evaluation of the Technical Proposals has been completed.

The contents of the Technical Proposals and Fee Schedules will not be disclosed to the public until after the evaluation and final selection, at which time, under the Florida Public Records Act and the Florida Sunshine laws, materials submitted by a Proposer and the results of the Authority's evaluation will be available for public inspection. Proposers should take note of this as it relates to any proprietary information that might be included in the proposal package. The Authority assumes no liability for disclosure or use of data submitted in response to this RFP for any purpose and may consider that the proposal was not submitted in confidence and, therefore, can be released under the Florida Sunshine laws and the Freedom of Information Act (5 U.S.C. 522).

### **2.3 TIME AND PLACE OF SUBMITTAL**

The original and the required number of copies of the Technical Proposal and Fee Schedule shall be submitted to:

Orlando-Orange County Expressway Authority  
4974 ORL Tower Road  
Orlando, Florida 32807  
Attn: Claude Miller  
Director of Procurement

Proposals will be received until 1:30 p.m., Orlando local time, on October 28, 2011. Proposals delivered or received after that time and date will be marked as disqualified and will be set aside unopened until after the selection process is complete. Once the selection process has been completed these will be filed as rejected proposals because of a late submittal.

## **2.4 MODIFICATIONS, RE-SUBMITTAL AND WITHDRAWAL**

Proposers may modify previously submitted proposals at any time prior to the proposal due date. Requests for modification of a submitted proposal shall be in writing and shall be signed in the same manner as the proposal. Upon receipt and acceptance of such a request, the entire proposal will be returned to the Proposer and not considered unless resubmitted by the due date and time.

## **2.5 PROPOSAL REVIEW PROCESS**

An Evaluation Committee, hereinafter referred to as the Committee, will be established by the Authority to review and evaluate each Technical Proposal. The Committee will be comprised of at least four persons with background, experience, and/or professional credentials in the service area.

Each member of the Committee will receive a copy of each Technical Proposal and will base his/her evaluation of each proposal on the same criteria in order to assure that value is uniformly established. The Committee will evaluate each Technical Proposal on its own merit without comparison to other proposals submitted. The Committee will assign rating factors based upon the evaluation criteria identified herein.

## **3.0 PROPOSAL FORMAT**

### **3.1 TECHNICAL PROPOSALS**

Proposals shall address each of the sections described below and how the Proposer intends to achieve the desired performance levels. The required information shall be clear, concise and understandable. If examples of reports are submitted, the Proposer shall explain the area being reported on and how the report addresses those issues.

No cost information or prices shall be included in the Technical Proposal. Inclusion of cost information or prices in the Technical Proposal may be sufficient cause for rejection of the submittal. The Technical Proposal shall include the following sections:

**A. Executive Summary**

The Executive Summary shall be written in non-technical language to summarize the Proposer's overall capabilities and approaches for accomplishing the services specified herein. The Executive Summary shall be limited to no more than three (3) pages.

The firm's certification that they are licensed in the State of Florida and its certification that it meets the appropriate criteria for independence shall be included under the Executive Summary tab but will not be counted against the three- page limit.

**B. Approach of Engagement**

The Proposer shall demonstrate its understanding of the project objectives and shall discuss the means by which these objectives will be attained. The Proposer shall include the following information under this tab:

1. A description of the Proposer's approach to this audit engagement.
2. A tentative schedule for performing the key phases of this engagement.
3. A description of Proposer's procedure in monitoring the progress of the audit and communicating same to the client while the audit is in progress.
4. The Proposer's specific policies, plans, procedures or techniques used to develop information for management letters.
5. A description of the nature and extent of information technology audit techniques typically employed by the Proposer in the examination of client's financial statements which have substantial data processing applications and a description of work to be done. Provide a brief description of the qualifications of individuals who will be performing procedures outlined above.

The Proposer shall submit a copy of the report on its most recent external quality control review with a statement whether that quality control review included a review of specific government engagements. (Does not count against the page limitation for the proposal.)

The Proposer shall submit information on the results of any federal or state desk review or field reviews of its audits during the past three (3) years. In addition, the Proposer shall provide information on the circumstances and status of any disciplinary action taken or pending against the Proposer during the past three (3) years with the State of Florida regulatory bodies or professional organizations.

**C. Management of Engagement**

The Proposer shall describe its organization and management policies and their application to ensure accomplishment of the Project requirements. The Proposer shall provide organizational charts which show the entire proposed organizational structure. A description of the Proposer's internal lines of responsibility and authority, and the interface relationships with the Authority and any sub consultants shall be shown.

The Proposer shall submit a staffing plan which clearly illustrates the key elements of the organizational structure proposed to accomplish the services required. Project management and key staff shall be identified. It is preferred that the staff and office assigned responsibility for the audit is located in the Orlando Metro Area.

The Proposer shall describe the expected participation and contribution of the Proposer's top officials in the proposed activities. The Proposer shall provide a definition of responsibility and accountability for specific tasks and functions of key individuals within the Proposer's organization.

The Proposer shall address its quality control program, namely the policies followed to assure a complete, accurate and quality service as it relates to the services required. The program shall specify the method by which project related information is received and processed by the Proposer.

The Proposer shall describe its professional development program and indicate the number of days of specialized training in governmental accounting and auditing received during the last two years by personnel who will be assigned to the audit engagement.

**D. M/WBE Participation**

The Proposer shall provide a policy statement of non-discrimination and equal employment opportunity and an affirmative action plan within the local office to the firm. The Proposer shall provide evidence of promoting minorities and women to manager and partner levels in the local office. The Proposer shall also indicate the degree to which the firm will subcontract with local minority and women-owned firms in the performance of the audit and consulting services.

**E. Firm's Experience on Similar Engagements**

The Proposer shall list all government financial statement audits performed in the last three years by the office that will be assigned responsibility for the audit. Indicate the scope of work, date, engagement partners, and the name and telephone number of the principal client contact.

The Proposer shall provide information on the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, the number and classification of the professional staff to be employed in this engagement on both a full-time and part-time basis. The information shall include specific details for the office in which the audit will be conducted. Additionally, the Proposer shall provide a brief job description of each employee classification set forth above along with experience requirements (if any) for each classification.

**F. Assigned Auditor's Experience**

The Proposer shall furnish resumes of Proposer's Audit Manager and other key personnel presently employed by the Proposer who will be assigned to the project. The Audit Manager shall have a minimum of five (5) years of specific experience in the services required by the Scope of Services. Proposer's staff shall be identified and past experience of each, as it specifically relates to services required, shall be discussed.

The Proposer shall identify the principal supervisory and management staff, including engagement partner, manager, other supervisors and specialists, and the auditor-in-charge of fieldwork, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Florida. The Proposer shall also provide information on the governmental auditing experience of each person.

**G. Required Attachments to Proposal**

Submit with the Technical Proposal the completed Conflict/Non-Conflict of Interest Statement and Litigation Statement form, the completed Drug-Free Workforce form, and the completed Code of Ethics form

### **3.2 PRESENTING THE TECHNICAL PROPOSAL**

All items in the Technical Proposal shall be bound, punched and inserted in a three-ring binder or in some other manner organized such that portions will not become detached or lost. Tab dividers at the beginning of each section shall be provided. Duplication or quotation in detail from attached reference materials or marketing information is not necessary provided that a summary is included in the technical section and a clear and easy means to locate references to the information is provided. Font size for the Technical Proposal shall not be less than 10 point. The Proposal shall be limited to fifteen (15) pages, single-sided, exclusive of those items specifically identified above and the following:



- Transmittal Letter
- Front and back cover and divider sections
- Required forms to be completed
- Required reports to be submitted
- Key staff resumes
- References/Transactions List

### **3.3 INTERVIEW**

The five (5) firms with the highest point total after evaluation of the first three criteria in 4.2 below will be shortlisted and requested to sit for an interview with the Committee. The interview will last approximately 30 minutes. Shortlisted firms who fail to participate in the interview will be considered non-responsive and eliminated from further consideration by the Committee.

The standing of the shortlisted firms will not be disclosed by the Committee. During the interview, the Committee will ask questions that will assist the Committee in evaluating the technical capability of the Proposer and key staff to provide the desired services. Only the Proposer's Audit Manager and other key staff assigned to this engagement should be present to answer the Committee's questions. No audio/visual presentations will be allowed.

Interviews are tentatively scheduled for December 15, 2011, at the Authority's office. Proposers will be notified by the Authority of the time that the Proposer will be required to appear. Proposers who fail to attend the interview will be considered non-responsive and eliminated from further consideration by the Committee. The order of the interviews will be determined alphabetically by company name.

## **4.0 PROPOSAL SCORING**

### **4.1 CRITERIA**

Submittals shall demonstrate the firm's understanding of the required services. The submittal shall be sufficiently detailed to enable the Committee to ascertain that the firm understands the requirements and is able to furnish services of the scope and complexity specified. Responses that are limited to a statement of "will comply" or a similar statement, which does not describe how each requirement will be met, will receive no technical credit. Responses which are merely a copy of the stated requirements are not desired and will receive no credit. Discussion of the firm's past experience that is not germane to the specified services should not be included.

### **4.2 SCORING BY THE COMMITTEE**

Scoring of the submittals will be as follows:

Approach and Management of Engagement (includes M/WBE participation)	20
Firm's Experience on Similar Engagements	20
Assigned Auditors' Experience	30
Interview	<u>10</u>
<b>SUBTOTAL</b>	<b>80</b>
 Fee Schedule	 <u>20</u>
<b>TOTAL</b>	<b>100</b>

After the points for the firms have been calculated, each Committee member will convert his or her raw scores into a ranking. The firm with the highest score will be ranked number 1, the second highest score will be ranked number 2, etc. The rankings of each of the Committee members will be recorded and the final ranking will be based on a 1 point scale with the lower score being the higher ranked firm.

## **5.0 AWARD OF THE CONTRACT**

The Authority intends to award the Contract to the responsible and responsive Proposer whose proposal is determined to be the most advantageous to the Authority taking into consideration the criteria stated herein.

### **5.1 PROTEST PROCEDURE**

Any person who is adversely affected by: (i) the requirements or scope of services contained in this RFP, (ii) a notice of an intended decision, or (iii) a notice of decision or decisions by the Authority, and who wants to protest the requirements or scope of services, the intended decision or decisions must comply with the proper procedures in the Orlando-Orange County Expressway Authority's Procedure for Resolution of Protests, Rule Chapter 3-1. Failure to comply with Rule Chapter 3-1 shall constitute a waiver of any protest proceedings. Rule Chapter 3-1 is available for review upon request at the Authority's Office, 4974 ORL Tower Road, Orlando, Florida. A protest bond in the amount of \$5,000.00 will be required to protest the RFP package and the requirements of the Scope of Services. A protest bond in the amount of \$5,000.00 will be required to protest a Notice of Intent to Award or Notice of Intent to Reject.

### **5.2 CONTRACT EXECUTION**

Following the protest period, the Authority and the successful Proposer will enter into a Contract establishing the obligations of both parties. The successful Proposer shall execute the Contract within 14 calendar days and return it to the Authority along with proof of insurance as required in the Contract.



## **6.0 PUBLIC ENTITY CRIME INFORMATION STATEMENT**

The following provisions of Section 287.133 (2)(a), Florida Statutes, are applicable to this project:

“A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.”

## **7.0 CONFLICT/NON-CONFLICT OF INTEREST STATEMENT AND LITIGATION STATEMENT**

The Proposer shall complete and submit with the Technical Proposal the Conflict/Non-Conflict of Interest Statement and Litigation Statement form included at the end of this section. Failure to submit the completed form may result in rejection of the Proposal as non-responsive.

## **8.0 DRUG-FREE WORKPLACE POLICY**

The Proposer shall have a Drug Free Workplace Policy. A copy of the Drug-Free Workplace Form included at the end of this section shall be completed and submitted with the Technical Proposal. Failure to submit the completed form may result in rejection of the Proposal as non-responsive.

## **9.0 CODE OF ETHICS**

All firms selected to work with the Authority are required to comply with the Authority's Code of Ethics, a copy of which is available on the Authority's web site at [www.oocsa.com](http://www.oocsa.com).

## **10.0 EXHIBITS**

Attached exhibits are:

- A. Scope of Services
- B. Method of Compensation
- C. Contract
- D. Fee Schedule

**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY  
EXTERNAL AUDITING SERVICES  
CONTRACT NO. 000841**

**ACKNOWLEDGMENT OF STANDARD OF CONDUCT AND  
CODE OF ETHICS**

If awarded the Contract, the undersigned covenants and agrees that it and its employees shall be bound by the standards of conduct provided in Florida Statutes 112.313 as it relates to work performed under the Contract, which standards will by reference be made a part of the Contract as though set forth in full. The undersigned agrees to incorporate the provisions of this requirement in any subcontract into which it might enter with reference to the work performed or services provided.

The undersigned further acknowledges that it has read the Authority's Code of Ethics and, to the extent applicable to the undersigned, agrees to abide with such policy.

\_\_\_\_\_  
Company Name

By: \_\_\_\_\_

Title: \_\_\_\_\_

(Note: Failure to execute and submit this form may be cause for rejection of the submittal as non-responsive.)

**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY  
ACKNOWLEDGMENT OF ADDENDUM  
EXTERNAL AUDITING SERVICES  
CONTRACT NO. 000841**

I (we) hereby acknowledge receipt of the following Addenda issued during the proposal period for the project:

Addendum No. \_\_\_\_\_ Dated \_\_\_\_\_ Proposer Initial \_\_\_\_\_  
Addendum No. \_\_\_\_\_ Dated \_\_\_\_\_ Proposer Initial \_\_\_\_\_  
Addendum No. \_\_\_\_\_ Dated \_\_\_\_\_ Proposer Initial \_\_\_\_\_  
Addendum No. \_\_\_\_\_ Dated \_\_\_\_\_ Proposer Initial \_\_\_\_\_  
Addendum No. \_\_\_\_\_ Dated \_\_\_\_\_ Proposer Initial \_\_\_\_\_

(Note: If addenda are issued, failure by the Proposer to submit this form with the Technical Proposal may be cause for rejection of the proposal as non-responsive.)

**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY**  
**CONFLICT/NONCONFLICT OF INTEREST STATEMENT**

**CHECK ONE**

- ☐ To the best of our knowledge, the undersigned firm has no potential conflict of interest due to any other clients, contracts, or property interest for this project.

**OR**

- ☐ The undersigned firm, by attachment to this form, submits information which may be a potential conflict of interest due to other clients, contracts or property interest for this project.

**LITIGATION SUMMARY**

**PLEASE DISCLOSE AND PROVIDE A SHORT SUMMARY AND DISPOSITION OF ANY CIVIL LITIGATION IN FLORIDA INVOLVING THE FIRM AS A NAMED PARTY WITHIN THE LAST FIVE (5) YEARS.**

**ALSO DISCLOSE ANY ACTIONS AGAINST THE FIRM BY THE FLORIDA BAR, THE DEPARTMENT OF PROFESSIONAL REGULATION AND/OR ANY OTHER FEDERAL, STATE OR LOCAL REGULATORY AGENCY INCLUDING DISPOSITION OF SAME.**

**CHECK ONE**

- ☐ The undersigned firm has had no litigation or any projects in the last five (5) years.

**OR**

- ☐ The undersigned firm, **BY ATTACHMENT TO THIS FORM**, submits a summary and disposition of individual cases of litigation in Florida during the past five (5) years; and actions by any Federal, State, and local agency.

\_\_\_\_\_  
COMPANY NAME

\_\_\_\_\_  
AUTHORIZED SIGNATURE

\_\_\_\_\_  
NAME (PRINT OR TYPE)

\_\_\_\_\_  
TITLE

Failure to check the appropriate blocks above may result in disqualification of your proposal. Likewise, failure to provide documentation of a possible conflict of interest, or a summary of past litigation, may result in disqualification of your proposal.

**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY  
DRUG-FREE WORKPLACE FORM**

The undersigned, in accordance with Florida Statute 287.087 hereby certifies that

\_\_\_\_\_ does:  
Name of Business

1. Publish a statement of notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
3. Give each employee engaged in providing the commodities or contractual services that are under bid a copy of the statement specified in Paragraph 1.
4. In the statement specified in Paragraph 1, notify the employees that, as a condition of working on the commodities or contractual services that are under bid, the employees will abide by the terms of a statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of Florida Statute 893 or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five (5) days after such conviction.
5. Impose a sanction of, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is so convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1 thru 5.

As the person authorized to sign this statement, I certify that this firm complies with the above requirements.

\_\_\_\_\_  
Proposer's Signature

\_\_\_\_\_  
Date

**EXHIBIT A**  
**EXTERNAL AUDITING SERVICES**  
**SCOPE OF SERVICES**

**1.0 Description**

The Auditor shall provide auditing services to the Authority as required by this Scope of Services including Attachments A, B and C hereto. The Auditor shall implement an audit plan approved by the Authority and complete its audit field work to ensure the issuance of the Annual Financial Report by September 30th of each respective year. Subject to such notification, the Management Letter shall also be completed by September 30th of each respective year and shall include management's responses to the comments. The Management Letter shall be included in and bound with the Annual Financial Report.

**2.0 Annual Independent Audit Requirements**

- The audit shall be a financial audit as defined in Section 11.45(1)(c) of Florida Statutes comprising the Annual Financial Report including the general purpose financial statements and certain supplementary financial data. The Authority also produces a Comprehensive Annual Financial Report (CAFR), which is subject to review and includes the audited financial statements.
- Annual financial and compliance audit of all Federal and State grant-in-aid programs in accordance with OMB Circular A-133 and the Single Audit Act of 1984, as amended, if applicable under requirements of OMB Circular A-133.
- Annual compliance attestation of State grants and aids appropriations to the extent required by Chapter 10.550, Rules of the Auditor General.
- Annual Management Letter as defined by Auditor General Rule 10.554(1)(i). The Management Letter must also include a statement in accordance with Sections 218.39(4), Florida Statutes.
- A separate audit and report of the Schedule of Reimbursable costs to the Florida Department of Transportation (FDOT).
- Any other required reports under statute of GAAP.

**3.0 Performance Specifications and Reports**

- A. In performing the Annual Independent Audit and services pursuant to the Contract, the Auditor shall, where applicable, adhere to:
1. "Generally Accepted Auditing Standards" applicable to governmental units, as promulgated by the AICPA.
  2. Governmental Accounting Standards promulgated by the GASB. GAO standards, regulations and guidelines applicable in the State of Florida, and will conduct the audit in accordance with these

requirements existing, or as may be pronounced during the period or term of this audit engagement.

3. Federal and State statutes, reporting requirements under both the Single Audit Act of 1984 and OMB Circular A-133.
- B. The audit report shall contain:
1. Opinion of the Auditor on the general purpose financial statements.
  2. Report on internal control.
  3. Reports on compliance with laws and regulations.
  4. Report on compliance with bond covenants.
  5. An "in relation to" opinion on supplementary schedules.
  6. Any other report required by General Accounting and Auditing Standards (GAAS).
- C. Review of the system of internal accounting control and internal administrative control to the extent required by generally accepted auditing standards and requirements of the Single Audit Act.
- D. Fulfill requirements of Section 10.556 and 10.557 of the Rules of the Auditor General, including:
1. Preparation of Annual Financial Audit Report.
  2. Preparation of Single Audit Report and other necessary Federal and State Reports, as needed.
- E. A final and complete report of the audit shall be submitted to the members of the Authority's Audit Committee no later than September 30<sup>th</sup> of each succeeding fiscal year, subject to the event of notification as may be specified elsewhere. The report shall also be presented to the Authority's Governing Board.
- F. Submission of the previously mentioned Management Letter, which shall include applicable comments regarding internal control and compliance matters as well as disclosures required by the Auditor General. The final Management Letter to the Authority shall include responses to such comments.
- G. The Auditor shall format, process, and reproduce 30 hard copies of the Annual Financial Report, 5 hard copies of the Single Audit Report, 5 hard copies of the Schedule of Reimbursable Costs, as well as provide an electronic copy, suitable for publication.
- H. The Auditor shall upon reasonable written notice and without charge, make available its work papers to any Federal or State agency in accordance with Federal and State Law Regulations and Attachment B hereto. The Auditor shall cooperate with any successor auditor appointed by the Authority in accordance with applicable laws, regulations and professional standards.

- I. Auditor shall attend all Audit Committee meetings as requested for no additional fee.

#### 4.0 Other Services

- A. Additional auditing services that may be required include the preparation of special reports for financing purposes, as determined by the Chief Financial Officer, or litigation support as determined by the Authority's General Counsel.
- B. Any other additional audit work is limited to an annual fee cap of no more than 25% of the annual audit contract. Such work may arise from changes in GAAP, GAAS, Federal requirements, or client imposed scope changes and must be approved by the Chief Financial Officer.
- C. For items A and B above, the Authority will request engagement letters as the need arises.
- D. If any major department activity, or fund presently operated by the Authority is transferred to another agency or authority, or a new major activity, department or fund is added to the responsibility of the Authority (and subject to audit under the terms of the Contract), the annual fee provided for shall be increased or decreased after re-negotiation for such change, the same being agreed to in writing, by the Authority and the Auditor.
- E. The Auditor acknowledges the Authority has and will continue to issue revenue bonds. As a result of issuance of such bonds, the Authority is subject to Section 10B (referred to as the "fraud provisions") of Securities Act of 1933. Should additional legislation be passed subjecting the Authority to any other Federal or State securities laws, the Contract may be renegotiated to address the additional amount of work required by the Securities Reporting Provisions. The Auditor agrees that should such legislation be passed, the Auditor will meet all conditions imposed by the AICPA relative to firms practicing in the SEC Practice Section.

#### 5.0 Internal Assistance

- A. The Authority staff and responsible management personnel will be available during the audit to assist the Auditor by providing information, documentation and explanations. The Finance Department staff will do the preparation of trial balances. Any information provided will be in the format maintained by the Authority. Any additional or reformatted schedules will be the responsibility of the Auditor.
- B. The Authority will provide the Auditor with reasonable workspace, desks and chairs. The Auditor will also be provided with access to telephones, photocopying facilities and FAX machines.



## **Attachment A**

### **LIMITATIONS OF THE AUDITING PROCESS**

The objective of an audit is the expression of our opinion concerning whether the basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The Authority's audits will include procedures designed to obtain reasonable assurance of detecting misstatements due to errors or fraud that are material to the financial statements. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. For example, audits performed in accordance with generally accepted auditing standards ("GAAS") are based on the concept of selective testing of the data being examined and are, therefore, subject to the limitation that material misstatements due to errors or fraud, if they exist, may not be detected. Also, an audit is not designed to detect matters that are immaterial to the financial statements. In addition, an audit conducted in accordance with GAAS does not include procedures specifically designed to detect illegal acts having an indirect effect (e.g., violations of fraud and abuse statutes that result in fines or penalties being imposed on the Authority) on the financial statements.

As applicable, in accordance with requirements of the Single Audit Act Amendments of 1996, OMB Circular A-133 and the Florida Single Audit Act, the Authority's audits will include tests of transactions related to major federal and state award programs for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Because an audit is designed to provide reasonable, but not absolute assurance and because the Auditor will not perform a detailed examination of all transactions, there is a risk that material errors, fraud, other illegal acts, or noncompliance may exist and not be detected by the Auditor. In addition, an audit is not designed to detect immaterial errors, fraud, or other illegal acts or illegal acts that do not have a direct effect on the basic financial statements or to major programs. It should be recognized that the audits generally provide no assurance that illegal acts will be detected, and only reasonable assurance that illegal acts having a direct and material effect on the determination of financial statement amounts will be detected. However, the Auditor will inform appropriate Authority representatives with respect to material errors and fraud, or illegal acts that come to the Auditor's attention during the course of the audits. The Auditor will include such matters in the reports as required for a Single Audit.

If, for any reason, the Auditor is unable to complete the audits, or is unable to form or has not formed an opinion on the basic financial statements, the Auditor may decline to express an opinion or decline to issue a report as a result of the engagement.

### **RESPONSIBILITIES AS TO INTERNAL CONTROLS**

As a part of the audits, the Auditor will consider the Authority's internal control structure, as required by auditing standards generally accepted in the United States of America and *Government Auditing Standards*, sufficient to plan the audit and to determine the nature, timing, and extent of auditing procedures necessary for expressing

our opinion concerning the basic financial statements. The Authority recognizes that the basic financial statements and the establishment and maintenance of an effective internal control over financial reporting are the responsibility of management. The Authority also recognizes that management is responsible for identifying and ensuring that the Authority complies with the laws and regulations applicable to its activities. Appropriate supervisory review procedures are necessary to provide reasonable assurance that adopted policies and prescribed procedures are adhered to and to identify errors, fraud, or illegal acts. An audit is not designed to provide assurance on internal control. As part of the Auditor's consideration of the Authority's internal control structure, however, the AUDITOR will inform appropriate Authority representatives of reportable conditions and other matters that come to the Auditor's attention that represent significant deficiencies in the design or operation of the internal control structure, if any, as required by OMB Circular A-133.

As required by OMB Circular A-133, the Auditor will perform tests of controls to evaluate the effectiveness of the design and operation of controls that the Auditor considers relevant to preventing or detecting material noncompliance with compliance requirements, applicable to each major federal award program. However, tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in the Auditor's report on internal control issued pursuant to OMB Circular A-133.

The Authority is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing the Auditor about all known or suspected fraud affecting the Authority involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Authority management is also responsible for informing the Auditor of knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, regulators, or others.

## **RESPONSIBILITIES AS TO COMPLIANCE**

The Authority's audits will be conducted in accordance with the standards referred to in the Contract. As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, the Auditor will perform tests of the Authority's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and the Auditor will not express such an opinion in the Auditor's report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that the Auditor also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. The Auditor's procedures will consist of the applicable procedures described in the OMB Circular A-133 Compliance Supplement for the types of compliance requirements that could have a direct and material effect of each of the Authority's major programs. The purpose of those procedures will be to express an opinion on the

Authority's compliance with requirements applicable to major programs in the Auditor's report on compliance issued pursuant to OMB Circular A-133.

## **REPRESENTATION FROM MANAGEMENT**

Management is responsible for the fair presentation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America, for making all financial records and related information available to the Auditor, and for identifying and ensuring that the Authority complies with the laws and regulations applicable to its activities. Management is also responsible for adjusting the financial statements to correct material misstatements. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on prior audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings and the corrective action plan should be made available to the Auditor during the course of the engagement. Management, at the conclusion of the engagement, will provide to the Auditor a representation letter that, among other things, addresses these matters and confirms certain representations made during the audit, including, to the best of their knowledge and belief, the absence of fraud involving management or those employees who have significant roles in the Authority's internal control, or others where it could have a material effect on the basic financial statements. The representation letter will also affirm to the Auditor that management believes that the effects of any uncorrected misstatements aggregated pertaining to the current year financial statements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The Auditor will rely on the Authority's management providing these representations, both in the planning and performance of the audit, and in considering the fees that the Auditor will charge to perform the audit.

## **ACCESS TO WORKING PAPERS**

The working papers for the engagement are the property of Auditor and constitute confidential information. Except as discussed below, any requests for access to the Auditor's working papers will be discussed with Authority Management prior to making them available to requesting parties.

The Auditor, as well as all other major accounting firms, participates in a "peer review" program, covering audit and accounting practices. This program requires that once every three years the Auditor is to subject its quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of the Auditor's work. It is possible that the work the Auditor performs for the Authority may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If the Authority objects to having the work done by the Auditor subjected to peer review, the Authority is to notify the Auditor in writing.

## **USE OF THIRD PARTY SERVICE PROVIDERS**

Auditor may from time to time, and depending on the circumstances, use third-party service providers in serving the Authority. Auditor may share confidential information about the Authority with these service providers, but will remain committed to maintaining the confidentiality and security of information. Accordingly, the Auditor maintains internal policies, procedures and safeguards to protect the confidentiality of the Authority's information. In addition, the Auditor will secure confidentiality agreements with all service providers to maintain the confidentiality of the Authority's information and will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of confidential information to others. In the event that the Auditor is unable to secure an appropriate confidentiality agreement, the Authority will be asked to provide its consent prior to the sharing of your confidential information with the third-part service provider. Furthermore, the Auditor will remain responsible for the work provided by any such third-party service providers.

## **Attachment B**

### **AUDITOR ASSOCIATION WITH FINANCIAL STATEMENTS**

The Authority agrees not to publish the audited financial statements, and the Auditor's report thereon, in a misleading manner, and further agrees that the Auditor's report shall accompany any publication of said financial statements by the Authority. Provided the Auditor is not considered associated with an official statement, the financial statements issued under the Contract may be used for any lawful purpose of the Authority without the Auditor's consent. However, should the Auditor become associated with an official statement, the Auditor is required by auditing standards generally accepted in the United States of America to perform certain procedures related to the offering document. These procedures, if applicable, will be subject to written arrangements and fees under this contract. If not associated with the official statement, the Auditor will not have performed, since the date of the Auditor's report, any procedures on the financial statements addressed in that report. Further, the Auditor will not have performed any procedures relating to the official statement for which the Auditor is not associated.

The Auditor will be considered associated with an official statement if (a) the Auditor assists in preparing financial information included in the official statement, (b) the Authority requests the Auditor to review a draft of the official statement, (c) the Auditor provides an original manual signature on the Auditor's report included in the official statement, (d) the Auditor is asked to provide a revised Auditor's report for inclusion in a specific official statement, (e) the Auditor issues a comfort letter or a letter described in SAS No. 72, *Letters for Underwriters and Certain Other Requesting Parties*, as amended, or an attestation engagement report in lieu of a comfort or similar letter on information included in the official statement, (e) the Auditor provides written agreement for use of the Auditor's report in the official statement (consent letter) or (f) the Auditor issues an attestation report related to the debt offering.

## **Attachment C**

### **PREPARATION OF FINANCIAL STATEMENTS**

As part of this Contract, Auditor shall produce the financial statements and note disclosures that the Authority prepares. Management of the Authority is responsible for the financial statements and note disclosures. In management's representation to Auditor, management will be asked to acknowledge Auditor's role in this regard, and management's review, approval, and responsibility for the financial statements and note disclosures. Further, management is responsible for designating a qualified management-level individual to be responsible and accountable for overseeing these services.

**End of Scope of Services**

**EXHIBIT B**  
**METHOD OF COMPENSATION**  
**EXTERNAL AUDITING SERVICES**

**1.0 PURPOSE**

This document describes the limits and method of compensation to be made to the Auditor for the services set forth in the Scope of Services. The services shall be provided over the duration of the work specified in the Contract.

**2.0 COMPENSATION**

For the satisfactory completion of the services detailed in the Scope of Services, the Auditor will be paid a portion of the lump sum fee shown in the Fee Schedule for the annual auditing services based on the percentage of completion.

Additional services performed shall be compensated based on the hourly rates contained in the Fee Schedule, or in a lump sum amount mutually agreed upon. Additional services will be billed to the Authority separately from its Annual Independent Audit billing.

**3.0 METHOD OF COMPENSATION**

- 3.1 The Auditor shall prepare and forward invoices to the Authority's Accounts Payable Department. The invoice shall include a breakdown of the work performed by the Auditor to verify the amount being requested for payment.
- 3.2 The Authority does not guarantee that all of the services described in the Scope of Services will be assigned during the term of the Contract. Further, the Auditor is providing these services on a non-exclusive basis. The Authority, at its option, may elect to have any of the services set forth herein performed by other consultants or Authority staff.
- 3.3 Auditor shall receive and accept the compensation and payment provided in its Fee Schedule and the Contract as full payment, unless otherwise stated, for all labor, materials, expenses, supplies and incidentals required to be provided by the Auditor in the Scope of Services.
- 3.4 The Auditor shall promptly pay all sub consultants/subcontractors and suppliers their proportionate share of payments received from the Authority.
- 3.5 If the Auditor elects to receive direct deposit of payments from the Authority, the Authority will provide the Auditor with the necessary Automatic Deposit Authorization Agreement form.



- 3.6 The Authority reserves the right to withhold payment or payments in whole or in part, and to continue to withhold any such payments for work not completed, completed unsatisfactorily, work that is behind schedule or work that is otherwise performed in an inadequate or untimely fashion as determined by the Authority or its designated representative. Any and all such payments previously withheld shall be released and paid to Auditor promptly when the work is subsequently satisfactorily performed. If any defined action, duty or service or part required by the Contract is not performed by the Auditor, the value of such action, duty or service or part thereof will be determined by the Authority and deducted from any invoice or monthly billing period claiming such items for payment. In order to expedite the review, processing, and delivery of each month's invoice to the Authority, the Chief Financial Officer, with the approval of the Auditor, may elect to apply any deducted amounts to the following month's invoice total.

#### 4.0 ADDITIONAL SERVICES

Additional services outside the scope of the Contract and the resulting compensation for such services shall be implemented by a written Supplemental Agreement in accordance with the Contract. Such work shall not be performed until a Supplemental Agreement has been executed by the Authority and the Auditor.

#### 5.0 PROJECT CLOSEOUT

Final Audit: The Auditor shall permit the Authority, at the Authority's option, to perform or have performed, an audit of the records of the Auditor and any or all subcontractors to support the compensation paid the Auditor. The audit will be performed as soon as practical after completion and acceptance of the contracted services. In the event funds paid to the Auditor under the Contract are subsequently determined to have been inadvertently paid by the Authority because of accounting errors or charges not in conformity with the Contract, the Auditor agrees that such amounts are due to the Authority upon demand. Final payment to the Auditor shall be adjusted for audit results.

END OF SECTION



**EXHIBIT C  
CONTRACT**

This Contract (the "Contract" as defined herein below), is made this \_\_\_\_day of \_\_\_\_, 2012, between the ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY, a body politic and agency of the State of Florida, hereinafter called the AUTHORITY and \_\_\_\_\_, hereinafter the AUDITOR:

**WITNESSETH:**

**WHEREAS**, the AUTHORITY was created by statute and is charged with acquiring, constructing, operating and maintaining a system of limited access roadways known as the Orlando-Orange County Expressway System; and,

**WHEREAS**, the AUTHORITY has been granted the power under Section 348.754(2)(m) of Florida Statutes, "to do all acts and things necessary or convenient for the conduct of its business and the general welfare of the authority, in order to carry out the powers granted to it (by state law);" and,

**WHEREAS**, the AUTHORITY has determined that it is necessary and convenient in the conduct of its business to retain the services of an auditor to perform external auditing services and related tasks as may be assigned to the auditor by the AUTHORITY and identified as Contract No. 000841; and,

**WHEREAS**, on or about October 4, 2011, the AUTHORITY issued a Request for Proposals seeking qualified auditors to perform such tasks; and,

**WHEREAS**, AUDITOR was the successful one of \_\_\_\_\_qualified firms that responded to the Request for Proposals and was ultimately selected; and,

**NOW THEREFORE**, in consideration of the mutual covenants and benefits set forth herein and other good and valuable consideration, the receipt and sufficiency of which being hereby acknowledged by each party to the other, the parties hereto agree as follows:

**1. SERVICES TO BE PROVIDED**

The AUDITOR shall, for the consideration herein stated and at its cost and expense, do all the work and furnish all the materials, equipment, supplies and labor necessary to perform this Contract in the manner and to the full extent as set forth in the Contract Documents all of which are hereby adopted and made part of this Contract as completely as if incorporated herein. The Contract shall be performed and services provided to the satisfaction of the duly authorized representatives of the AUTHORITY, who shall have at all times full opportunity to evaluate the services provided under this Contract.

The services to be provided under this Contract include performing external auditing services as detailed in the Contract Documents and any amendments, supplements, or modifications thereto.

The AUTHORITY does not guarantee that all of the services described in the Scope of Services will be assigned during the term of the Contract. Further, the AUDITOR is providing these services on a non-exclusive basis. The AUTHORITY, at its option, may elect to have any of the services set forth herein performed by other contractors or AUTHORITY staff.

The Contract Documents, in order of precedence, consist of:

- 1.1 The Contract, including insurance policies,
- 1.2 The Scope of Services,
- 1.3 The Method of Compensation,
- 1.4 The Technical Proposal submitted by AUDITOR, and
- 1.5 The Fee Schedule submitted by AUDITOR,

(collectively, the "Contract").

## **2. TERM AND NOTICE**

The initial term of the Contract will be three (3) years from the date indicated in the Notice to Proceed from the AUTHORITY. There shall be two (2) renewal options of one (1) year each. The options to renew are at the sole discretion and election of the AUTHORITY. Renewals will be based, in part, on a determination by the AUTHORITY that the value and level of service provided by the AUDITOR are satisfactory and adequate for the AUTHORITY's needs. If a renewal option is exercised, the AUTHORITY will provide the AUDITOR with written notice of its intent at least 150 days prior to the expiration of the initial three-year Contract Term.

The AUTHORITY shall have the right to terminate or suspend the Contract, in whole or in part, at any time with 30 days' notice for convenience or 45 days with cure notice for cause for AUDITOR's material failure to perform the provisions of the Contract. Under no circumstances shall a properly noticed termination by the AUTHORITY (with or without cause) constitute a default by the AUTHORITY. In the event of a termination for convenience or without cause, AUTHORITY shall notify AUDITOR (in writing) of such action with instructions as to the effective date of termination or suspension, in accordance with the time frames set forth hereinabove. AUDITOR will be paid for all work performed prior to termination and any reasonable, documented, direct, normal, and ordinary termination expenses. AUDITOR will not be paid for special, indirect, consequential, or undocumented termination expenses. Payment for work performed will be based on Contract prices, which prices are deemed to include profit and overhead. No profit or overhead will be allowed for work not performed, regardless of whether the termination is for cause.

If AUDITOR: (i) fails to perform the Contract terms and conditions; (ii) fails to begin the work under the Contract within the time specified in the "Notice to Proceed"; (iii) fails to perform the work with sufficient personnel or with sufficient materials to assure the prompt performance of the work items covered by the Contract; (iv) fails to comply with the Contract, or (v) performs unsuitably or unsatisfactorily in the opinion of AUTHORITY reasonably exercised, or for any other cause whatsoever, fails to carry on the work in an acceptable manner, the AUTHORITY

will give notice in writing to the AUDITOR of such delay, neglect or default. If the Contract is declared in default, the AUTHORITY may take over the work covered by the Contract.

If the AUDITOR (within the curative period, if any, described in the notice of default) does not correct the default, AUTHORITY will have the right to remove the work from the AUDITOR and to declare the Contract in default and terminated.

Upon declaration of default and termination of the Contract, AUTHORITY will have the right to appropriate or use any or all materials as the AUTHORITY determines, and may retain others for the completion of the work under the Contract, or may use other methods which in the opinion of AUTHORITY are required for Contract completion. All costs and charges incurred by AUTHORITY because of, or related to, the AUDITOR's default (including the costs of completing Contract performance) shall be charged against the AUDITOR. If the expense of Contract completion exceeds the sum which would have been payable under the Contract, the AUDITOR shall pay the AUTHORITY the amount of the excess. If, after the default notice curative period has expired, but prior to any action by AUTHORITY to complete the work under the Contract, AUDITOR demonstrates an intent and ability to cure the default in accordance with AUTHORITY's requirements, AUTHORITY may, but is not obligated to, permit AUDITOR to resume work under the Contract. In such circumstances, any costs of AUTHORITY incurred by the delay (or from any reason attributable to the delay) will be deducted from any monies due or which may become due AUDITOR under the Contract. Any such costs incurred by AUTHORITY which exceed the remaining amount due on the Contract shall be reimbursed to AUTHORITY by AUDITOR. The financial obligations of this paragraph, as well as any other provision of the Contract which by its nature and context survives the expiration of earlier termination of the Contract, shall survive the expiration or earlier termination of the Contract.

AUTHORITY shall have no liability to AUDITOR for expenses or profits related to unfinished work on a Contract terminated for default.

AUTHORITY reserves the right to terminate or cancel this Contract in the event the AUDITOR shall be placed in either voluntary or involuntary bankruptcy or an assignment is made for the benefit of creditors. Such termination shall be deemed a termination for default.

### **3. CONTRACT AMOUNT AND COMPENSATION FOR SERVICES**

3.1 The Contract Amount for the Contract term is \$\_\_\_\_\_

3.2 AUTHORITY agrees to pay AUDITOR for services performed in accordance with the Method of Compensation.

### **4. AUDIT AND EXAMINATION OF RECORDS**

4.1 Definition of Records:

(i) "Contract Records" shall include, but not be limited to, all information, communications and data, whether in writing or stored on a computer, computer disks, microfilm, writings, working papers, drafts, computer printouts, field notes, charts or any other

data compilations, books of account, photographs, videotapes and audiotapes supporting documents, any other papers or preserved data in whatever form, related to the Contract or the AUDITOR's performance of the Contract determined necessary or desirable by the AUTHORITY for any purpose. Proposal Records shall include, but not be limited to, all information and data, whether in writing or stored on a computer, writings, working papers, computer printouts, charts or other data compilations that contain or reflect information, data or calculations used by AUDITOR in determining labor, unit price, or any other component of a bid submitted to the AUTHORITY.

(ii) "Proposal Records" shall include, but not be limited to, any material relating to the determination or application of equipment rates, home and field overhead rates, related time schedules, labor rates, efficiency or productivity factors, arithmetic extensions, quotations from subcontractors, or material suppliers, profit contingencies and any manuals standard in the industry that may be used by AUDITOR in determining a price.

AUTHORITY reserves and is granted the right (at any time and from time to time, for any reason whatsoever) to review, audit, copy, examine and investigate in any manner, any Contract Records (as herein defined) or Proposal Records (as hereinafter defined) of the AUDITOR or any subcontractor. By submitting a response to the Request for Proposal, AUDITOR or any subcontractor submits to and agree to comply with the provisions of this section.

If the AUTHORITY requests access to or review of any Contract Documents or Proposal Records and AUDITOR refuses such access or review, AUDITOR shall be in default under its Contract with AUTHORITY, and such refusal shall, without any other or additional actions or omissions, constitute grounds for suspension or disqualification of AUDITOR. These provisions shall not be limited in any manner by the existence of any AUDITOR claims or pending litigation relating to the Contract. Disqualification or suspension of the AUDITOR for failure to comply with this section shall also preclude the AUDITOR from acting in the future as a subcontractor of another AUDITOR doing work for the AUTHORITY during the period of disqualification or suspension. Disqualification shall mean the AUDITOR is not eligible for and shall be precluded from doing future work for the AUTHORITY until reinstated by the AUTHORITY.

Final Audit for Project Closeout: The AUDITOR shall permit the AUTHORITY, at the AUTHORITY'S option, to perform or have performed, an audit of the records of the AUDITOR and any or all subcontractors to support the compensation paid the AUDITOR. The audit will be performed as soon as practical after completion and acceptance of the contracted services. In the event funds paid to the AUDITOR under the Contract are subsequently determined to have been inadvertently paid by the AUTHORITY because of accounting errors or charges not in conformity with the Contract, the AUDITOR agrees that such amounts are due to the AUTHORITY upon demand. Final payment to the AUDITOR shall be adjusted for audit results.

AUDITOR shall preserve all Proposal Records and Contract Records for the entire term of the Contract and for a period of five (5) years after the later of: (i) final acceptance of the project by the AUTHORITY, (ii) until all claims (if any) regarding the Contract are resolved, or (iii) expiration of the Proposal Records and Contract Records' status as public records, as and if applicable, under Chapter 119, Florida Statutes.

## **5. MINORITY AND WOMEN'S BUSINESS ENTERPRISES**

AUTHORITY has adopted a program to provide opportunities for small business, including Minority Business Enterprises ("MBEs") and Women's Business Enterprises ("WBEs"). Under the AUTHORITY'S program, AUDITOR is encouraged to grant small businesses the maximum opportunity to participate in the provision of the Services

## **6. AUDITOR INSURANCE**

AUDITOR shall carry and keep in force during the period of this Contract, the required amount of coverage as stated below. All insurance must be underwritten by insurers that are qualified to transact business in the State of Florida and that have been in business and have a record of successful and continuous operations for at least five (5) years. Each shall carry a rating of "A-" (excellent) and a financial rating of Class XII, as defined by A.M. Best and Company's Key Rating Guide and must be approved by the AUTHORITY. AUDITOR shall carry and keep in force the following insurance coverage, and provide the AUTHORITY with correct certificates of insurance (ACORD forms) upon Contract execution:

6.1 **Commercial General Liability** Insurance having a minimum coverage of One Million Dollars (\$1,000,000.00) per occurrence of bodily injury or property damage and a minimum of Two Million Dollars (\$2,000,000.00) annual aggregate for both General and Products and Completed Operations. Liability insurance shall be current ISO simplified form including products and completed operations coverage. The contractual liability insurance coverage shall include coverage for responsibilities and liabilities assumed by AUDITOR under this Agreement.

6.2 **Business Automobile Liability** (for bodily injury, death and property damage) having a minimum coverage of One Million Dollars (\$1,000,000.00) for each accident;

6.3 **Workers' Compensation Insurance** Coverage, including all coverage required under the laws of the state of Florida (as amended from time to time hereafter);

6.4 **Unemployment Insurance** Coverage in amounts and forms required by Florida law, as it may be amended from time to time hereafter.

Such insurance policies shall be without co-insurance, and shall (a) include the AUTHORITY, and such other applicable parties the AUTHORITY shall designate, as additional insureds for commercial general liability and business automobile liability, (b) be primary insurance, (c) include contractual liability for commercial general liability, (d) provide that the policy may not be canceled or materially changed without at least thirty (30) days prior written notice to the AUTHORITY from the company providing such insurance, and (e) provide that the insurer waives any right of subrogation against AUTHORITY, to the extent allowed by law and to the extent the same would not void primary coverage for applicable insurance policies. AUDITOR shall be responsible for any deductible it may carry. At least fifteen (15) days prior to the expiration of any such policy of insurance required to be carried by AUDITOR hereunder,



AUDITOR shall deliver insurance certificates to AUTHORITY evidencing a renewal or new policy to take the place of the one expiring. Procurement of insurance shall not be construed to limit AUDITOR's obligations or liabilities under the Contract. The requirement of insurance shall not be deemed a waiver of sovereign immunity by AUTHORITY.

Any insurance carried by the AUTHORITY in addition to AUDITOR's policies shall be excess insurance, not contributory.

If AUDITOR fails to obtain the proper insurance policies or coverages, or fails to provide AUTHORITY with certificates of same, the AUTHORITY may obtain such policies and coverages at AUDITOR's expense and deduct such costs from AUDITOR payments.

## **7. AUDITOR RESPONSIBILITY**

AUDITOR shall comply with, and shall cause its employees, agents, officers and subcontractors and all other persons for whom AUDITOR may be legally or contractually responsible to comply with, applicable laws, ordinances, rules, regulations, orders of public authorities, sound business practices, including without limitation:

- (i) those relating to the safety of persons and property and their protection from damage, injury or loss, and
- (ii) all workplace laws, regulations, and posting requirements, and
- (iii) implementation of a drug-free workplace policy at least of a standard comparable to, and in compliance with, AUTHORITY'S Drug-Free Workplace Policy; And
- (iv) compliance with the public records laws of Chapter 119, Florida Statutes.

## **8. INDEMNITY**

The AUDITOR shall indemnify, defend and hold harmless AUTHORITY and all of its respective officers, contractor's or employees from actual suits, actions, claims, demands, costs as defined elsewhere herein, expenses (including reasonable attorneys' fees as defined elsewhere herein), judgments, liabilities of any nature whatsoever (collectively, "Claims") arising out of, because of, or due to breach of the Contract by the AUDITOR (its subcontractors, officers, agents or employees) or due to any negligent or intentional act or occurrence of omission or commission of the AUDITOR (its subcontractors, officers, agents or employees), including without limitation any misappropriation or violation of third party copyright, trademark, patent, trade secret, publicity, or other intellectual property rights or other third party rights of any kind by or arising out of any one or more of the following:

- 8.1 violation of same by AUDITOR, its subcontractors, officers, agents or employees,
- 8.2 AUTHORITY's use or possession of the AUDITOR Property,

8.3 AUTHORITY's full exercise of its rights under any license conveyed to it by AUDITOR,

8.4 AUDITOR's violation of the confidentiality and security requirements associated with the AUTHORITY Property,

8.5 AUDITOR's failure to include terms in its subcontracts as required by this Contract,

8.6 AUDITOR's failure to ensure compliance with the requirements of the Contract by its employees, agents, officers, or subcontractors, or

8.7 AUDITOR's breach of any of the warranties or representations contained in this Contract.

AUDITOR will not be liable for damages arising out of injury or damage to persons or property directly caused or resulting from the sole negligence of the AUTHORITY or any of its officers, agents or employees. The parties agree that 1% of the total compensation to the AUDITOR for performance of each task authorized under the Contract is the specific consideration from AUTHORITY to AUDITOR for AUDITOR's indemnity and the parties further agree that the 1% is included in the amount negotiated for each authorized task.

## **9. PUBLIC RECORDS**

Upon receipt of any request by a member of the public for any documents, papers, letters, or other material subject to the provisions of Chapter 119, Florida Statutes, made or received by AUDITOR in conjunction with this Contract (including without limitation AUDITOR Records and Proposal Records, if and as applicable), AUDITOR shall immediately notify the AUTHORITY. Thereafter, AUDITOR shall follow AUTHORITY'S instructions with regard to such request. To the extent that such request seeks non-exempt public records, the AUTHORITY shall direct AUDITOR to provide such records for inspection and copying in compliance with Chapter 119. A subsequent refusal or failure by AUDITOR to timely grant such public access will be grounds for immediate, unilateral cancellation of the Contract by AUTHORITY.

## **10. PRESS RELEASES**

AUDITOR shall make no statements, press releases or publicity releases concerning the Contract or its subject matter, or otherwise disclose or permit to be disclosed any of the data or other information obtained or furnished under the Contract, or any particulars thereof, including without limitation AUTHORITY Property, without first notifying AUTHORITY and securing its consent in writing.

#### **11. PERMITS, LICENSES, ETC.**

Throughout the Term of the Contract, the AUDITOR shall procure and maintain, at its sole expense, all permits and licenses that may be required in connection with the performance of Services by AUDITOR; shall pay all charges, fees, royalties, and taxes; and shall give all notices necessary and incidental to the due and lawful prosecution of the Services. Copies of required permits and licenses shall be furnished to AUTHORITY upon request.

#### **12. CONFLICT OF INTEREST AND STANDARDS OF CONDUCT**

AUDITOR warrants that it has not employed or retained any entity or person, other than a bona fide employee working solely for the AUDITOR, to solicit or secure this Contract, and that AUDITOR has not paid or agreed to pay any person, company, corporation, individual or firm any fee, commission, percentage, gift or any other consideration, contingent upon or resulting from the award or making of this Contract. It is understood and agreed that the term "fee" shall also include brokerage fee, however denoted.

AUDITOR acknowledges that AUTHORITY officials and employees are prohibited from soliciting and accepting funds or gifts from any person who has, maintains, or seeks business relations with the AUTHORITY in accordance with the AUTHORITY's Ethics Policy. AUDITOR acknowledges that it has read the Ethics Policy and, to the extent applicable, AUDITOR will comply with the aforesaid Ethics Policy in connection with performance of the Contract.

In the performance of the Contract, AUDITOR shall comply with all applicable local, state, and federal laws and regulations and obtain all permits necessary to provide the Contract services.

AUDITOR covenants and agrees that it and its employees, officers, agents, and subcontractors shall be bound by the standards of conduct provided in Florida Statutes 112.313 as it relates to work performed under this Contract, which standards will be reference be made a part of this Contract as though set forth in full.

#### **13. NONDISCRIMINATION**

AUDITOR, its employees, officers, agents, and subcontractors shall not discriminate on the grounds of race, color, religion, sex, national origin, or other protected class, in the performance of work or selection of personnel under this Contract.

#### **14. SUBLETTING AND ASSIGNMENT**

AUTHORITY has selected AUDITOR to perform the Services based upon characteristics and qualifications of AUDITOR and its employees. Therefore, AUDITOR shall not sublet, sell, transfer, assign, delegate, subcontract, or otherwise dispose of this Contract or any portion thereof, or of the AUDITOR's right, title, or interest therein without the written consent of the AUTHORITY, which may be withheld in the AUTHORITY'S sole and absolute discretion. Any attempt by AUDITOR to dispose of this Contract as described above, in part or in whole, without



AUTHORITY'S written consent shall be null and void and shall, at AUTHORITY's option, constitute a default under the Contract.

If, during the term of the Contract, AUDITOR desires to subcontract any portion(s) of the work to a subcontractor that was not disclosed by the AUDITOR to the AUTHORITY at the time that the Contract was originally awarded, and such subcontract would, standing alone or aggregated with prior subcontracts awarded to the proposed subcontractor, equal or exceed twenty five thousand dollars (\$25,000.00), the AUDITOR shall first submit a request to the AUTHORITY's Director of Procurement for authorization to enter into such subcontract. Except in the case of an emergency, as determined by the Executive Director or his/her designee, no such subcontract shall be executed by the AUDITOR until it has been approved by the AUTHORITY Board. In the event of a designated emergency, the AUDITOR may enter into such a subcontract with the prior written approval of the Executive Director or his/her designee, but such subcontract shall contain a provision that provides that it shall be automatically terminated if not approved by the AUTHORITY Board at its next regularly scheduled meeting.

## **15. DISPUTES**

All services shall be performed by the AUDITOR to the reasonable satisfaction of the AUTHORITY's Executive Director (or his delegate), who shall decide all questions, difficulties and disputes of any nature whatsoever that may arise under or by reason of this Contract, the prosecution and fulfillment of the services described and the character, quality, amount and value thereof. The Executive Director's decision upon all claims, questions and disputes shall be final agency action. Adjustments of compensation and Contract time, because of any major changes in the work that may become necessary or desirable as the work progresses shall be left to the absolute discretion of the Executive Director (and the AUTHORITY Board if amendments are required) and supplemental agreement(s) of such nature as required may be entered into by the parties in accordance herewith.

## **16. PREVAILING PARTY ATTORNEY'S FEES**

If any contested claim arises hereunder or relating to the Contract (or AUDITOR's work hereunder), and either party engages legal counsel, the prevailing party in such dispute, as "prevailing party" is hereinafter defined, shall be entitled to recover reasonable attorneys' fees and costs as defined herein, from the non-prevailing party.

In order for AUDITOR to be the prevailing party, AUDITOR must receive an adjusted judgment or adjusted award equal to at least eighty percent (80%) of its contested claims filed with AUTHORITY, failing which AUTHORITY will be deemed the prevailing party for purposes of this Contract.

Should this section be judged void, unenforceable or illegal, in whole or in substantial part, by a court of competent jurisdiction, this section shall be void in its entirety and each party shall bear its own attorneys' fees and costs.

## **17. OTHER SEVERABILITY**

If any section of this Contract, other than the immediately preceding Prevailing Party Attorneys' Fees section, be judged void, unenforceable or illegal, then the illegal provision shall be, if at all possible, interpreted or re-drafted into a valid, enforceable, legal provision as close to the parties' original intention, and the remaining portions of the Contract shall remain in full force and effect and shall be enforced and interpreted as closely as possible to the parties' intention for the whole of the Contract.

## **18. GOVERNING LAW**

This Contract shall be governed by and construed in accordance with the laws of Florida. Venue of any legal or administrative proceedings arising out of this Contract shall be exclusively in Orange County, Florida.

In consideration of the foregoing premises, AUTHORITY agrees to pay AUDITOR for work performed and materials furnished at the prices submitted with the Proposal.

## **19. RELATIONSHIPS**

AUDITOR acknowledges that no employment relationship exists between AUTHORITY and AUDITOR or AUDITOR's employees. AUDITOR shall be responsible for all direction and control of its employees and payment of all wages and salaries and other amounts due its employees. AUDITOR shall be responsible for all reports and obligations respecting such employees, including without limitation social security tax and income tax withholding, unemployment compensation, workers compensation, and employment benefits.

AUDITOR shall conduct no act or omission that would lead AUDITOR's employees or any legal tribunal or regulatory agency to believe or conclude that AUDITOR's employees would be employees of the AUTHORITY.

Any approval by AUTHORITY of a subcontract or other matter herein requiring AUTHORITY approval for its occurrence shall not be deemed a warranty or endorsement of any kind by AUTHORITY of such subcontract, subcontractor, or matter.

## **20. INTERPRETATION**

For purposes of this Contract, the singular shall include the plural, and the plural shall include the singular, unless the context clearly requires otherwise. Except for reference to women's business enterprises and matters relating thereto, reference to one gender shall include all genders. Reference to statutes or regulations include all statutory or regulatory provisions consolidating, amending, or replacing the stated statute or regulation. Words not otherwise defined and that have well-known technical, industry, or legal meanings, are used in accordance with such recognized meanings, in the order stated. References to persons include their respective permitted successors and assigns and, in the case of governmental persons, persons succeeding to their respective functions and capacities. If AUDITOR discovers any material

discrepancy, deficiency, or ambiguity in this Contract, or is otherwise in doubt as to the meaning of any provision of the Contract, AUDITOR may immediately notify AUTHORITY and request clarification of AUTHORITY's interpretation of the Contract. The Contract Documents, together with and including all exhibits, comprise the entire agreement of the parties and supersedes and nullifies all prior and contemporaneous negotiations, representations, understandings, and agreements, whether written or oral, with respect to the subject matter hereof.

## **21. WAGE RATES AND TRUTH-IN-NEGOTIATIONS CERTIFICATE**

The AUDITOR hereby certifies, covenants and warrants that wage rates and other factual unit costs as shown in attached documentation supporting the compensation are accurate, complete and current as of the date of this Contract. It is further agreed that said price shall be adjusted to exclude any significant sums where the AUTHORITY shall determine the price was increased due to inaccurate, incomplete or non-current wage rates and other factual unit costs. All such adjustments shall be made within one year following the date of final billing or acceptance of the work by the AUTHORITY, whichever is later.

## **22. SURVIVAL OF EXPIRATION OR TERMINATION**

Any clause, sentence, paragraph, or section providing for, discussing, or relating to any of the following shall survive the expiration or earlier termination of the Contract:

22.1 Trademarks, service marks, patents, trade secrets, copyrights, publicity, or other intellectual property rights, and terms relating to the ownership, security, protection, or confidentiality thereof; and

22.2 Payment to AUDITOR for satisfactory work performed or for termination expenses, if applicable; and

22.3 Prohibition on non-competition agreements of AUDITOR's employees with respect to any successor of AUDITOR; and

22.4 Obligations upon expiration or termination of the Contract; and

22.5 Any other term or terms of this Contract which by their nature or context necessarily survive the expiration or earlier termination of the Contract for their fulfillment.

## **23. OBLIGATIONS UPON EXPIRATION OR TERMINATION OF CONTRACT**

23.1 Immediately upon expiration or termination of this Contract AUDITOR shall submit to AUTHORITY, upon request, a report containing the last known contact information for each subcontractor or employee of AUDITOR who performed work under the Contract; and

23.2 AUDITOR shall initiate settlement of all outstanding liabilities and claims, if any, arising out of the Contract and any subcontracts or vending agreements to be canceled. All settlements shall be subject to the approval of AUTHORITY.

**24. NOTICE TO THE PARTIES**

All notices to be given by the parties hereto shall be in writing and served by United Statesmail, postage prepaid, and registered as follows:

Authority: Orlando-OrangeCounty Expressway Authority  
4974 ORL Tower Road  
Orlando, Florida32807  
ATTN: Chief Financial Officer

Auditor:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, the authorized signatures named below have executed this Contract on behalf of the parties as of the day and year first above written. This Contract was awarded by the Authority's Board of Directors at its meeting on \_\_\_\_\_, 2012.

**ORLANDO-ORANGE COUNTYEXPRESSWAY AUTHORITY**

By: \_\_\_\_\_  
Director of Procurement

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

**AUDITOR**

By: \_\_\_\_\_

\_\_\_\_\_  
Title

ATTEST: \_\_\_\_\_ (Seal)

DATE: \_\_\_\_\_

Approved as to form and execution, only.

\_\_\_\_\_  
General Counsel for the AUTHORITY

**EXHIBIT "D"**  
**FEE PROPOSAL**  
**EXTERNAL AUDITING SERVICES**  
**CONTRACT NO. 000841**

In a separate envelope, provide the firm's proposed Fee Proposal Schedule of compensation to complete the audit and prepare the report for each year of the three-year term and the renewal periods. Proposer shall also insert hourly rates for each classification shown (or Proposer's equivalent classification) for each year of the three-year term and the renewal periods. All fees are subject to negotiation.

Attach this sheet with original signatures to the Fee Schedule Form. The original and one (1) copy of the Fee Schedule shall be submitted in a sealed envelope, separate from the Technical Proposal. The envelope shall be identified as the Fee Schedule and shall include the same information on the outside as shown for the Technical Proposal.

**PROPOSER:**

\_\_\_\_\_  
Name of Firm

By: \_\_\_\_\_  
Print Name

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Witness: \_\_\_\_\_

Witness: \_\_\_\_\_

**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY**  
**EXTERNAL AUDITING SERVICES**  
**FEE SCHEDULE FORM**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Option Year 4</b>	<b>Option Year 5</b>
<b>A.</b> <b>Annual Audit and Report</b>					
<b>For Other Services Only:</b>					
<b>B.</b> <b>Hourly Fee Schedule</b>					
Partner/Shareholder					
Senior Manager					
Supervisor					
Senior					
Staff					
Administrative					
Computer Audit Specialist					



Orlando-Orange County Expressway Authority  
4974 ORL Tower Road, Orlando FL 32807  
(407) 690-5000 Fax: (407) 690-5032

**TO:** All Potential Bidders of Record  
**FROM:** Claude Miller, Director of Procurement  
**DATE:** October 25, 2011  
**SUBJECT:** External Auditing Services, Contract No. 000841, Addendum No. 1

This Addendum forms a part of the Contract Documents and modifies the original bidding documents dated September 2011, as noted below. Acknowledge receipt of this Addendum in the space provided on the Proposal form. Failure to do so may subject the bidder to disqualification. This Addendum consists of 6 pages and the following attachments: Current External Auditing Services Fee Schedule; Schedule of Expenditures of Federal Awards Year Ended June 30, 2011; Schedule of Reimbursable Costs Year Ended June 30, 2011; Independent Auditors' Report

#### **CHANGE TO CONTRACT**

1. **DELETE** Section 8, INDEMNITY, in its entirety and replace with the following:

**"8. HOLD HARMLESS AND INDEMNIFICATION OF AUTHORITY:**

**(a) INDEMNIFICATION**

The AUDITOR shall be fully liable for the actions of its agents, employees, partners, or subcontractors and shall fully indemnify, defend, and hold harmless the Authority, and their officers, agents, and employees, from suits, actions, damages, and costs of every name and description, including reasonable attorneys' fees, arising from or relating to personal injury and damage to real or personal tangible property and alleged to be caused in whole or in part by AUDITOR, its agents, employees, partners, or subcontractors, provided, however, that the AUDITOR shall not indemnify for that portion of any loss or damages proximately caused by the negligent act or omission of the Authority.

Further, the AUDITOR shall fully indemnify, defend, and hold harmless the Authority from any suits, actions, damages, and costs of every name and description, including reasonable attorneys' fees, arising from or relating to violation or infringement of a trademark, copyright, patent, trade secret or intellectual property right, provided, however, that the foregoing obligation shall not apply to a misuse or modification of AUDITOR 's products or an operation or



use of AUDITOR 's products in a manner not contemplated by the Agreement. If any product is the subject of an infringement suit, or in the AUDITOR 's opinion is likely to become the subject of such a suit, the AUDITOR may at its sole expense procure for the Authority the right to continue using the product or to modify it to become non-infringing. If the AUDITOR is not reasonably able to modify or otherwise secure the AUDITOR the right to continue using the product, the AUDITOR shall remove the product and refund the Authority the amounts paid in excess of a reasonable rental for past use. The Authority shall not be liable for any royalties.

The AUDITOR 's obligations under the preceding two paragraphs with respect to any legal action are contingent upon the Authority giving the AUDITOR (1) written notice of any action or threatened action, (2) the opportunity to take over and settle or defend any such action at AUDITOR 's sole expense. The AUDITOR shall not be liable for any cost, expense, or compromise insured or made by the Authority in any legal action without the AUDITOR's prior written consent, which shall not be unreasonably withheld.

(b) LIMITATION OF LIABILITY:

For all claims against the AUDITOR under this Agreement, and regardless of the basis on which the claim is made, the AUDITOR's liability under this Agreement as amended for direct damages shall be limited to the greater of \$100,000, the dollar amount of this Agreement as amended, or two times the charges rendered by the AUDITOR under this Agreement as amended. This limitation shall not apply to claims arising under the Indemnity paragraph contained in this Agreement.

Unless otherwise specifically enumerated in the Agreement, no party shall be liable to another for special, indirect, punitive, or consequential damages, including lost data or records even if the party has been advised that such damages are possible. No party shall be liable for lost profits, lost revenue, or lost institutional operating savings. The Authority may, in addition to other remedies available to them at law or equity and upon notice to the AUDITOR, retain such monies from amounts due AUDITOR as may be necessary to satisfy any claim for damages, penalties, costs and the like asserted by or against them. The Authority may set off any liability or other obligation of the AUDITOR or its affiliates to the Authority against any payments due the AUDITOR under any contract with the Authority."

**RESPONSES TO QUESTIONS**

2. The following questions were received from registered firms of record. The Authority's response follows each question.

**Q001: How many years has your current audit firm served your organization?**

**R:** Since March 1, 2002

**Q002: What were the fees paid in the prior contract in total and by year?**

R: CY2007 - \$76,666    CY2008 - \$79,000    CY2009 - \$84,000  
CY2010 - \$88,810    CY2011 - \$72,973

**Q003: What was the fee quoted in the prior proposal from the current auditors?**

R: See Attachment "A"

**Q004: What IT systems and software is currently being used by the OOCEA?**

R: Our ERP is Eden which is provided by Tyler Technologies. An interface was written in-house to provide data from our toll collection system to EDEN. EDEN uses SQL Server database. The core toll collection transaction processing system is called ARCS. It is proprietary software provided by TransCore. ARCS runs at the lane, plaza and host levels and handles vehicle transaction processing and electronic toll collection. Our Service Center and Plaza user applications were written in-house. They use a .Net framework and Windows Forms. We have an Oracle database which stores both toll collection data and service center transactions. Our Violation Enforcement System was written in-house with the exception of an LPR solution provided by TransCore. The in-house application uses an Oracle database and was written in .Net.

**Q005: Can you provide us with a copy of the proposal submitted by CBH for the last contract period? If yes, and there are fees, please advise what the fees are and the procedure we need to follow to obtain a copy of this document.**

R: Copy of the proposal submitted may be obtained through public records request by contacting the Authority's Record Custodian at 407-690-5000. The cost will be \$1.00 plus postage.

**Q006: The audited financials for the year ended June 30, 2011 state in the Management Letter that audit was conducted in accordance with OMB Circular A-133 and that auditor issued Report on Compliance with Requirements that could have a Direct and Material Effect on the Major Programs. None of the Single Audit reports are included with these audited financials. Are these reports and Schedule of Expenditures of Federal Awards available for review?**

R: Yes. See Attachment "B"

**Q007: Exhibit A indicates that the annual audit requirements include a separate audit and report of the Schedule of Reimbursable costs to FDOT. Is this separate audit available for review?**

R: Yes. See Attachment "C"

**Q008: What month was interim testing of internal controls performed in prior years?**

R: Interim testing of internal controls has been performed in April in prior years.

**Q009: Please confirm that two audit opinions are requested, one covering the annual financial report and a second audit opinion covering the CAFR**

R: The opinion letter for the CAFR is changed slightly from the opinion letter from the financials. Please see Attachment "D".

**Q010: Can we obtain a copy of the separate audit opinion and report of the Schedule of Reimbursable costs to the FDOT?**

R: Please see response to Question 7 above.

**Q011: Is a Federal and State Single Audit expected to be required for June 30, 2012 and if so how many major programs are expected Can we obtain a copy of the prior year Federal and State Single audit report and SEFA? We could not locate these reports on the website or included with the CAFR.**

R: Yes, a Federal and State Single Audit will be required for June 30, 2012. As of now we only have one major program that needs to be reported. Please see response to Question 6 for a copy of the prior year report.

**Q012: When is the interim audit fieldwork normally performed? When is the final closed year end trial balance available for year-end fieldwork to begin? When are the draft financial statements prepared by management and completed and available?**

R: Please see response to Question 8 pertaining to interim fieldwork. The final closed year end trial balance is usually available the first week of August and the draft financial statements are usually completed the second week in September.

**Q013: Can we obtain a copy of the contract executed with the prior audit firm?**

R: A copy of the executed contract may be obtained through public records request by contacting the Authority's Record Custodian at 407-690-5000.

**Q014: The AICPA advises that the indemnification of a client would impair the auditors independence under interpretation 101-1.A and interpretation 101-1.C. Therefore, only to the extent caused by**

**Crowe's gross negligence or intentional misconduct, would we be agree to indemnify and hold the Authority harmless for claims, actions, damages, and liabilities asserted by you or third parties against you and which result from the services performed by Crowe pursuant to this engagement. Will the Authority accept changes to section 8 of the proposed contract document in order to ensure conformity with professional standards? In addition, will the Authority give consideration to adding the following language to section 8 of the contract document: Notwithstanding anything to the contrary in the Agreement, no provision in this Agreement shall be construed to require performance or require Crowe to assume any obligation inconsistent with any applicable professional rules or standards, and no provision shall be given effect if such effect would require performance or require Crowe to assume any obligation inconsistent with any applicable professional rules or standards. In addition, the management of the Authority is responsible for the financial statements, including selecting and applying the accounting policies. Management is also responsible for establishing and maintaining effective internal control that will, among other things, permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.**

R: No, see Item 1 of this Addendum for the new indemnification provision.

**Q015: Does the Authority utilize a third party service provider to collect electronic tolls or other tolls and if so is an SSAE 16 report provided?**

R: A third party service provider is utilized to collect cash tolls in the lane and to run the E-PASS Service Center. We do not receive SSAE 16 reports from either company.

**Q016: What general ledger accounting software does the Authority utilize and is there any software conversions planned for the next three years?**

R: The Authority uses Eden, a Tyler Technologies ERP Solution. There are no current plans to change software.

**Q017: Is there a required percentage for M/WBE participation in this contract? What was the percentage of participation in the prior year Contract by a M/WBE firm?**

R: There is no required percentage, however M/WBE participation is encouraged and will be evaluated in accordance with section 4.2 of the proposal submittal requirements. The M/WBE participation for the existing contract is currently averaging 10% per audit year.

**Q018: Section 3.2, Presenting the Technical Proposal, states the following regarding number of pages: The Proposal shall be limited to fifteen (15) pages, single-sided, exclusive of those items specifically identified above and the following:**

- Transmittal Letter**
- Front and back cover and divider sections**
- Required forms to be completed**
- Required reports to be submitted**
- Key staff resumes**
- References/Transactions List**

**Is 15 pages the page limit for the entire proposal?**

**R: Yes, with the exception of those items listed above and the tab dividers.**

**END OF ADDENDUM NO. 1**

ATTACHMENT A

**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY  
EXTERNAL AUDITING SERVICES  
FEE PROPOSAL FORM**

	Year 1	Year 2	Year 3	Option Year 4	Option Year 5
<b>A.</b>					
<b>Annual Audit and Report</b>	74 000	79 000	84 000	89,000	94,000
<b>B</b>					
<b>Hourly Fee Schedule</b>					
<b>Partner/Shareholder</b>	240	250	260	270	280
<b>Senior Manager</b>	190	198	207	215	223
<b>Supervisor</b>	160	167	174	181	188
<b>Senior</b>	120	125	130	136	142
<b>Staff</b>	95	99	103	108	113
<b>Administrative</b>	62	65	68	71	74
<b>Computer Audit Specialist</b>	180	187	195	203	210

Attachment "B"

**ORLANDO-ORANGE COUNTY  
EXPRESSWAY AUTHORITY**

**Schedule of Expenditures  
of Federal Awards**

**Year Ended  
June 30, 2011**

**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY**

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**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

To the Members of the  
Orlando-Orange County Expressway Authority:

We have audited the financial statements of the Orlando-Orange County Expressway Authority (the "Authority"), as of and for the year ended June 30, 2011, and have issued our report thereon dated September 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Authority in a separate letter dated September 23, 2011.

This report is intended solely for the information and use of management, the Audit Committee, Authority members, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cheng, Behaert & Holland, L.L.P.*

Orlando, Florida  
September 23, 2011



**Independent Auditors' Report on Compliance with Requirements that could have a  
Direct and Material Effect on the Major Program and on Internal Control  
over Compliance in Accordance with OMB Circular A-133**

To the Members of the  
Orlando-Orange County Expressway Authority:

**Compliance**

We have audited the compliance of Orlando-Orange County Expressway Authority (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on the major federal awards program for the year ended June 30, 2011. The Authority's major federal awards program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the major federal awards program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal awards program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal awards program for the year ended June 30, 2011.

**Internal Control over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the Authority as of and for the year ended June 30, 2011, and have issued our report thereon dated September 23, 2011. Our audit was performed for the purpose of forming our opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Audit Committee, Authority members, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cheng, Behant & Holland, L.L.P.*

Orlando, Florida  
September 23, 2011

**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2011**

<u>Program Identification</u>	<u>CFDA #</u>	<u>Expenditures</u>
<b>U.S. Department of Transportation</b>		
Passed through Florida Department of Transportation		
Highway Planning and Construction (contract #: AP493)	20.205	\$ 1,402,734
Highway Planning and Construction (contract #: ANP83)	20.205	<u>550,987</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 1,953,721</u></u>

See note to Schedule of Expenditures of  
Federal Awards

**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY**  
**Note to Schedule of Expenditures of**  
**Federal Awards**  
**Year Ended June 30, 2011**

**Note 1 – Significant Accounting Policies**

The Schedule of Expenditures of Federal Awards (the "Schedule") represents the amount expended from Federal Programs during the 2011 fiscal year, as determined based on the accrual basis of accounting. The amount reported on the Schedule has been reconciled to and is in material agreement with the amount recorded in the Orlando-Orange County Expressway Authority's accounting records from which the basic financial statements have been reported.

**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY**  
**Schedule of Findings and Questioned Costs**  
**Federal Awards**  
**Year Ended June 30, 2011**

**Part I - Summary of Auditors' Results**

**Financial Statement Section**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?        yes     x     no

Significant deficiency(ies) identified?        yes     x     none reported

Noncompliance material to financial statements noted?        yes     x     no

**Federal Awards Section**

Internal control over major programs:

Material weakness(es) identified?        yes     x     no

Significant deficiency(ies) identified?        yes     x     none reported

Type of auditors' report on compliance for major federal program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133        yes     x     no

Identification of major federal program:

<u>Name of Program or Cluster</u>	<u>CFDA Number</u>
<u>Department of Transportation - Highway Planning and Construction</u>	<u>20.205</u>

Dollar threshold used to determine Type A programs:  
Federal \$ 300,000

Auditee qualified as low-risk auditee for federal purposes?     x     yes        no



**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY**  
**Schedule of Findings and Questioned Costs**  
**Federal Awards**  
**Year Ended June 30, 2011**

**Part II - Schedule of Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

**Part III - Federal Award Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs, as required to be reported by Section 510(a) of OMB Circular A-133.

There were no findings required to be reported by Section 510(a) of OMB Circular A-133.

Attachment "C"

**ORLANDO-ORANGE COUNTY  
EXPRESSWAY AUTHORITY**

**Schedule of  
Reimbursable Costs**

**Year Ended  
June 30, 2011**

**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY**

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## **Independent Auditors' Report**

To the Members of  
Orlando-Orange County Expressway Authority:

We have audited the accompanying "Schedule of Reimbursable Costs" of the Orlando-Orange County Expressway Authority (the "Schedule") for the year ended June 30, 2011. The Schedule is the responsibility of management. Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule was prepared for the purpose of complying with the requirements of the Lease-purchase Agreement, as described in Note 1, and is not intended to present the results of operations of the Orlando-Orange County Expressway Authority.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the actual and allowable costs of the Orlando-Orange County Expressway Authority for the year ended June 30, 2011 pursuant to the Lease-purchase Agreement as referred to in Note 1, in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Authority Members, management, and the Florida Department of Transportation and is not intended to be, and should not be, used by anyone other than these specified parties.

*Cherry Bekaert & Holland, L.L.P.*

Orlando, Florida  
September 23, 2011

**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY**  
**Schedule of Reimbursable Costs**  
**Year Ended June 30, 2011**

	<b>Actual</b>	<b>Allowable</b>	<b>Amount Invoiced Net of FDOT Adjustments</b>	<b>Required Adjustment</b>
<b>Operations:</b>				
Conway Main	\$ 2,311,691	\$ 2,311,691	\$ 2,281,685	\$ 30,006
Pine Hills Plaza	1,562,450	1,562,450	1,599,980	(37,530)
Airport Plaza	1,712,235	1,712,235	1,764,599	(52,364)
<b>Total Operations</b>	<b>\$ 5,586,376</b>	<b>\$ 5,586,376</b>	<b>\$ 5,646,264</b>	<b>\$ (59,888)</b>

**ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY**  
**Notes to Schedule of Reimbursable Costs**  
**Year Ended June 30, 2011**

**Note 1 – Reporting entity**

The Orlando-Orange County Expressway Authority (the "Authority") is an agency of the State of Florida and was created in 1963 by Chapter 348 of the Florida Statutes for the purpose of construction and operation of an expressway road system (the "System") in Orange County and to lease such System to the Florida Department of Transportation (the "FDOT"). The Authority is composed of five members, three of whom are appointed by the Governor, the Chairman of the Board of County Commissioners of Orange County, Florida, ex-officio, and the District Secretary of the FDOT. The Authority is authorized to issue revenue bonds to finance portions of the System and to execute the refunding of existing revenue bonds.

Under the requirements of the Lease-purchase Agreement between the Authority and the FDOT dated December 23, 1985, as amended and supplemented (the "Lease-purchase Agreement"), the Authority is reimbursed for the operation costs of the Beachline Expressway, the East-West Expressway, and the Airport Plaza. The accompanying Schedule of Reimbursable Costs (the "Schedule") includes the actual and allowable costs incurred by the Authority for these facilities. The differences between allowable costs and related amounts invoiced to the FDOT are presented as required adjustments.

**Note 2 – Significant accounting policies**

The Authority prepares the Schedule on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, expenses are recorded when incurred.

The Schedule covers only the costs described in the Lease-purchase Agreement and is not intended to present the results of operations of the Authority.

**Note 3 – Contingency**

The amounts included in the Schedule are subject to audit and adjustment by the FDOT. If any expenses are disallowed by the FDOT as a result of such an audit, any claim for reimbursement to the FDOT would become a liability of the Authority. In the opinion of management, all expenses are in compliance with the terms of the Lease-purchase Agreement.



## **Independent Auditors' Report**

To the Members of the  
Orlando-Orange County Expressway Authority:

We have audited the accompanying basic financial statements of the Orlando-Orange County Expressway Authority (the "Authority") as of and for the years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Authority adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in 2010.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 4, 2010 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The Management's Discussion and Analysis and Trend Data on Infrastructure Condition information on pages 3 through 10 and page 46, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The accompanying supplementary schedule on page 47 is presented for the purpose of additional analysis and is not a required part of the financial statements. This schedule is the responsibility of the Authority's management. Such schedule has been subjected to the auditing procedures applied in our audit of the financial statements for the years ended June 30, 2010 and 2009 and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

*Chang, Behaert & Holland, L.L.P.*

Orlando, Florida  
October 4, 2010



## **Independent Auditors' Report**

To the Members of the  
Orlando-Orange County Expressway Authority:

We have audited the accompanying basic financial statements of the Orlando-Orange County Expressway Authority (the "Authority") as of and for the years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Authority adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in 2010.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 4, 2010 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Trend Data on Infrastructure Condition information on pages B-2 through B-7 and page B-37, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

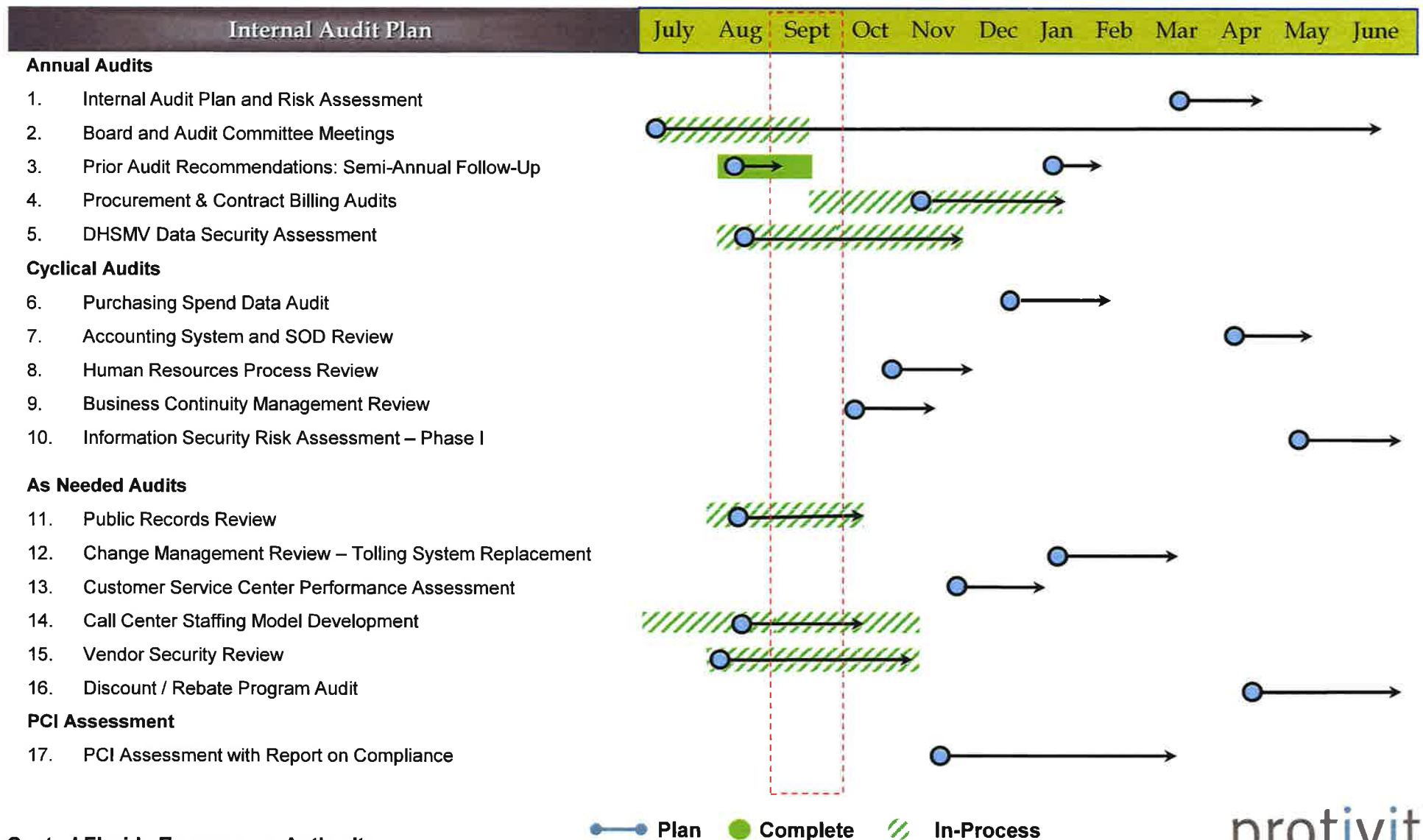
Our audits were performed for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The introductory section, calculation of composite debt service ratio on page B-38 and the statistical section, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The calculation of composite debt service ratio has been subjected to the auditing procedures applied in our audit of the financial statements for the years ended June 30, 2010 and 2009 and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Cheng, Behrnt & Holland, L.L.P.*

Orlando, Florida  
October 4, 2010

# FY 2017 Internal Audit Plan Dashboard

As of September 22, 2016



## V. INTERNAL AUDIT MATTERS

### B. Procurement and Contract Billing Audits

Backup will be passed out in meeting.

Executive Summary  
Recommendations Summary  
Summary of Past Due Management Action Plans  
Appendix A - Recommendations Detail  
    2010 Contracts Audit  
    2013 Toll Revenue Audit  
    2014 Maintenance & Safety Plan Audit  
    2015 Intelligent Transportation Security (ITS)  
    Systems Security Review  
    2015 Back Office Customer Call Center Review  
    2015 COSO Framework Governance Review  
    2015 Ethics Policy Compliance Review  
    2016 Contracts Audit  
    2016 Bond Financing Review  
    2016 ROW Legal Counsel Procurement & Invoice  
    Audit  
    2016 Toll Revenue Audit

# Central Florida Expressway Authority

## Prior Audit Recommendations Follow-Up August 31, 2016

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Risk & Business Consulting.  
Internal Audit.

## Executive Summary

As part of the Fiscal Year 2016 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 Contracts Audit
- 2013 Toll Revenue Audit
- 2014 Maintenance & Safety Plan Audit
- 2015 Intelligent Transportation Security (ITS) Systems Security Review
- 2015 Back Office Customer Call Center Review
- 2015 COSO Framework Governance Review
- 2015 Ethics Policy Compliance Review
- 2016 Contracts Audit
- 2016 Bond Financing Review
- 2016 ROW Legal Counsel Procurement & Invoice Audit
- 2016 Toll Revenue Audit

Internal Audit last reviewed the status of open audit recommendations in January 2016. Results were reported to the Audit Committee at that time.

This review was completed as of August 2016, and consisted of meetings with management to determine the status of open audit recommendations and performing testing of management's response and status. 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 15, 2016, no further work was performed and the recommendation was not included for review in this report.

Internal Audit did not include or follow-up on the recommendation and management action plan from the 2015 Sensitive Data Review. The management action plan was to move the sensitive data identified to an appropriate location or to delete the data. Confirmation that sensitive data was moved or deleted would require an additional project and re-scan of selected systems with a data loss prevention (DLP) tool.

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 Internal Audit did not come to an agreement on the status of a recommendation.



## Recommendations Summary

Audit	Open as of January 15, 2016	New Recommendations	Completed as of August 31, 2016	In Progress as of August 31, 2016*	Past Due
2010 Contracts Audit	1	0	0	1	1
2013 Toll Revenue Audit	1	0	0	1	1
2014 Maintenance & Safety Plan	1	0	0	1	1
2015 Intelligent Transportation Security (ITS) Systems Security Review	9	0	7	2	1
2015 Back Office Customer Call Center Review	4	0	4	0	0
2015 COSO Framework Governance Review	2	0	2	0	0
2015 Ethics Policy Compliance Review	4	0	4	0	0
2016 Contracts Audit	2	0	1	1	1
2016 Bond Financing Review	1	0	1	0	0
2016 ROW Legal Counsel Procurement & Invoice Audit	0	2	1	1	1
2016 Toll Revenue Audit	0	6	5	1	0
<b>Total</b>	<b>25</b>	<b>8</b>	<b>25</b>	<b>8</b>	<b>6</b>

\*8 recommendations are classified as "In Progress." 6 of these recommendations are considered "Past Due."

## Summary of Past Due Management Action Plans

#	Audit	Management Action Plan	Responsible Party	Summary of Status as of August 31, 2016	Due Date
1	2010 Contracts Audit	Toll Operations will require passwords to be used for approvals in any new toll collection software procured by the Authority or its existing software if it is retained and that the password be changed on a regular basis by the system.	Mahmood Haq, Manager of IT; David Wynne, Director of Toll Operations	Turnover in the IT department has delayed the implementation of this action plan. In addition, the change to a password based approval key would be a fairly significant change to the existing system and the system is being reviewed for replacement. Currently, the IT department plans to implement the recommendation by the revised due date unless a business decision to delay is made by management.	Original: 12/31/13  Revised: 12/31/15  Revised: 3/31/16  Revised: 9/30/16  Revised: 12/31/16
2	2013 Toll Revenue Audit	The Authority currently has automating certain aspects of the Attendant's Shift Record log 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.	David Wynne, Director of Toll Operations	Per discussion with David Wynne, Director of Toll Operations, this recommendation will be implemented as a function in the planned Toll System Replacement (TSR) project. The Request for Proposal (RFP) has been awarded and the new system is currently in development.	Original: 7/1/15  Revised: 4/30/16  Revised: 1/31/17  Revised: 4/30/17
3	2014 Maintenance & Safety Plan	The Authority will develop written procedures to document the pertinent aspects of the Authority's maintenance and inspection operations in regards to bridges, overhead structures, and roadways.	Claude Miller, Director of Maintenance	Staffing changes within the department have delayed the completion of the action plan. The procedures document will be finalized on or before the revised due date.	Original: 12/31/14  Revised: 12/31/15  Revised: 10/1/16

## Summary of Past Due Management Action Plans

#	Audit	Management Action Plan	Responsible Party	Summary of Status as of August 31, 2016	Due Date
4	2015 Intelligent Transportation Security (ITS) Systems Security Review	<b>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.</b>			Original: 6/30/15  Revised: 12/31/15  Revised: 6/30/16  Revised: 3/31/17
5	2016 Contracts Audit	Contract Specialists within the maintenance department will implement the use of a "Subcontractor Status Report" as part of monthly checklist of contract requirement monitoring and require the vendor to provide the listing of subcontractors along with their monthly invoice. Additionally, the Contract Specialist will compare the listing provided against the subcontractor approval forms submitted to confirm compliance. The Contract Specialist will also maintain a spreadsheet of subcontractor use and seek Board approval if the amounts approach \$25,000.	Claude Miller, Director of Maintenance	The Asset Maintenance/Routine Inspection Monthly Subcontractor Status Report was created and sent out to prime contractors. The Authority is currently working with the prime contractors to receive the completed reports on a recurring basis. In addition, the Authority has requested the listing of subcontractors and related approval forms be submitted by the prime contractor, but has not received all forms as of this update. Therefore, additional time is required to complete the action plan. Once these items are completed, the tracking spreadsheet will be finalized and the recommended monitoring process will be implemented.	Original: 2/1/2016  Revised: 4/1/16  Revised: 12/31/16
6	2016 ROW Legal Counsel Procurement & Invoice Audit	Initially, each Right of Way outside counsel or responsible party within the Authority will confirm the amount paid in the cumulative payments columns of the monthly TIFIA reports to ensure accuracy of the current spreadsheet. If there is a discrepancy identified, the responsible party will research and correct the discrepancy in the TIFIA reports. Going forward, each firm or responsible party will prepare a separate monthly TIFIA report summarizing the activity in the parcels assigned to that firm. The Accounting Department will audit the spreadsheets for accuracy using source documentation, which will be made available to the party responsible for performing the review of the spreadsheets.	Linda Lanosa, Deputy General Counsel Michael Carlisle, Manager of Accounting and Finance	Each firm/responsible party has begun certifying that the monthly TIFIA report contains accurate information and acknowledges that the information will be relied upon for the Authority's reporting requirements.  The Finance Department has audited historical data and continues to audit the relocation costs, CFX parcels, and the Lowndes parcels and related expert costs monthly. However, the Authority is relying on the signed certifications for Shutts & Bowen and Winderweeple parcels and those monthly reports have not been subject to review by the Finance Department as of the date of this update. Due to staffing changes, the audit process is being transitioned to Michael Carlisle, Manager of Accounting and Finance, starting in October. The action plan is only considered partially complete as the Shutts & Bowen and Winderweeple monthly reports have not been subject to audit by the Finance Department and more time is necessary to complete the action plan.	Original: 8/1/16  Revised: 1/31/17

# **Appendix A**

## **Recommendations Detail**

**Contracts Audit  
January 2011 Recommendations  
Status of Recommendations**

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at August 31, 2016	Testing Results	Due Date	IA Evaluation of Management's Status
<p>7. Account Adjustment Approval Limits in TRIMS: Section IV B in the scope of services section of the ACS contract indicates that personal E-PASS account adjustments over \$200 and commercial E-PASS account adjustments in excess of \$500 must be approved by an ACS manager in TRIMS. Currently, TRIMS is not configured to prevent the approval of adjustments to personal E-PASS accounts in excess of \$200 by CSC Supervisors. Internal Audit obtained all adjustments processed in TRIMS between August 1, 2009 and September 30, 2010 and noted that 93 of 140 adjustments to private accounts between \$200 and \$500 were approved in TRIMS by CSC Supervisors instead of a manager, as required.</p> <p>As a mitigating control, ACS indicated that all adjustments are reviewed by the Financial Analyst and Accounting Assistant, with the exception of voids, which should only be approved by CSC Managers in TRIMS. However, Internal Audit noted that 482 of 587 void adjustments were approved in TRIMS by CSC Supervisors.</p> <p>Furthermore, a CSC Manager or CSC Supervisor enters their PIN in TRIMS to approve adjustments; however, PINs are never changed which may result in the sharing of PINs between employees.</p> <p>Data analytics were performed related to the approval of adjustments in excess of \$200 to personal E-PASS accounts and \$500 to commercial E-PASS accounts and no adjustments were identified for additional follow-up; however, the strengthening of the controls related to the review and approval of adjustments in TRIMS may reduce the risk of fraud.</p>	<p>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>	<p>The Authority concurs that moving to a password based approval is in its best interest. However, 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 replacement as part of the Toll System Replacement (TSR) project. Making these changes now may be waste of valuable IT resources if the current system were to be disposed of in the near term. Based on the outcome of the TSR project the Authority would make this change as a part of a newly procured system or would be developed and implemented in the existing system once it was determined that we would be retaining the existing system.</p>	<p>Toll Operations will require passwords to be used for approvals in any new toll collection software procured by the Authority or its existing software if it is retained and that the password be changed on a regular basis by the system.</p>	<p>Mahmood Haq, Manager of IT; David Wynne, Director of Toll Operations</p>	<p>In Progress (Past Due)</p>	<p>Per discussion with Mahmood Haq, Manager of IT, and David Wynne, Director of Toll Operations, turnover in the IT department has delayed the implementation of this action plan. In addition, the change to a password based approval key would be a fairly significant change to the existing system and the system is being reviewed for replacement. The Authority has discussed making this change as part of a new back-office system, rather than making changes in the current system that will be replaced. This decision could delay the action plan further by 2 - 3 years. Currently, the IT department plans to implement the recommendation by the revised due date unless a business decision to delay is made by management.</p>	<p>Original: 12/31/13  Revised: 12/31/15  Revised: 3/31/16  Revised: 9/30/16  Revised: 12/31/16</p>	<p>Concur</p>

Toll Revenue Audit  
March 2013 Recommendations  
Status of Recommendations

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at August 31, 2016	Testing Results	Due Date	IA Evaluation of Management's Status
<p>6. Potential Revenue Leakage: The potential extrapolated discrepancies in the toll collections audit highlighted above total approximately \$1,000 for the six month period ended December 2012. A root cause of this appears to be the manual nature of the Attendant's Shift Record used as a reconciling item during toll collections audits, for which third party contractor auditors are required to make assumptions as to what is being communicated by the TSA.</p> <p>Additionally, during the review of the toll collections audit, Internal Audit found that system purges and reverse run through transactions, system functions used to reset the toll lane if the lane server is out of sync, generates an expected revenue amount. Also, the description on the Unusual Occurrence report for these transactions have the same overclass description as small vehicle transactions that do not engage the toll lane treadles. The third party contractor uses the Unusual Occurrence report to reduce the expected revenue for the system purges and reverse run through transactions, while maintaining the expected revenue related to the smaller vehicles that do not engage the treadles.</p> <p>Internal Audit performed a review of the overclass transactions (excluding purges, re-syns, and reverse run throughs) and found that the third party contractor reversed the expected revenue inappropriately in 4 out of 25 transactions tested, an error rate of 13%. The potential extrapolated variance when applied to all overclass transactions for the six month period ended December 31, 2012 is estimated to be approximately \$700.</p>	<p>6. 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	<p>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>	David Wynne, Director of Toll Operations	In Progress (Past Due)	<p>Per discussion with David Wynne, Director of Toll Operations, this recommendation will be implemented as a function in the planned Toll System Replacement (TSR) project. The Request for Proposal (RFP) has been awarded and the new system is currently in development.</p> <p>Internal Audit obtained the System Requirements advertised as part of the RFP and determined specification 1.5.1.7.2.2 states the system should have drop down menu codes for unusual occurrences. Internal Audit determined the TSR project was awarded to TransCore, LP on 5/14/15 as evidenced by Board minutes. Per David Wynne, Director of Toll Operations, the work is in progress with TransCore and the first go-live date is scheduled for April 2017 in the Coral Hills plaza group based on the current status of the project.</p>	<p>Original: 7/1/15 Revised: 4/30/16 Revised: 1/31/17 Revised: 4/30/17</p>	Concur

**Maintenance and Safety Plan Compliance  
April 2016 Recommendations  
Status of Recommendations**

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at August 31, 2016	Testing Results	Due Date	IA Evaluation of Management's Status
1. Written Maintenance and Safety Procedures: The Authority's Maintenance and Safety activities follow the State of Florida and Federal guidelines and the Master Bond Resolution Covenants from a policy perspective. However, in regards to the method of accomplishing the applicable standards, there are no written procedures documenting the Authority's maintenance and inspection program. Written procedures are an integral component of the infrastructure surrounding each critical business process. Procedures help govern, in writing, the actions necessary to fulfill the organization's policy for operations. Procedures provide guidance in the pursuit of achieving the objectives of the process, help reduce misunderstanding, and increase distribution of pertinent information to those involved in the process.	The Authority should 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, Incidence and Emergency Response process, and the GEC Annual Inspection process.	Concur	The Authority will develop written procedures to document the pertinent aspects of the Authority's maintenance and inspection operations in regards to bridges, overhead structures, and roadways.	Claude Miller, Director of Maintenance	In Progress (Past Due)	Per discussion with Claude Miller, Director of Maintenance, staffing changes within the department have delayed the completion of the action plan. The procedures document will be finalized on or before the revised due date. Internal Audit obtained and reviewed the current draft of the procedures manual and noted the draft is currently undergoing review by the Director of Maintenance.	Original: 12/31/14  Revised: 12/31/15  Revised: 10/1/16	Concur



Intelligent Transportation Systems Security Review  
February 2015 Recommendations  
Status of Recommendations

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at August 31, 2016	Testing Results	Due Date	IA Evaluation of Management's Status
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.				Corey Quinn, Chief of Technology/Operations	In Progress	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.		Concur
				Corey Quinn, Chief of Technology/Operations	Completed			Concur
				Corey Quinn, Chief of Technology/Operations	Completed			Concur
				Corey Quinn, Chief of Technology/Operations	In Progress (Past Due)			Concur
				Corey Quinn, Chief of Technology/Operations	Completed			Concur
				Corey Quinn, Chief of Technology/Operations	Completed			Concur
				Corey Quinn, Chief of Technology/Operations	Completed			Concur
				Corey Quinn, Chief of Technology/Operations	Completed			Concur
				Corey Quinn, Chief of Technology/Operations	Completed			Concur

**Beck Office Customer Call Center Review  
May 2015 Recommendations  
Status of Recommendations**

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at August 31, 2016	Testing Results	Due Date	IA Evaluation of Management's Status
<p>Each inbound call to the call center routes the customer to the Intelligent Voice Response ("IVR") system from which the customer selects service options from a prompt. The customer is then routed to the Vector Steps, which provides additional messaging and routes the call to an available call center agent.</p> <p>Within the IVR and Vector steps the following inconsistencies and duplicative information are delivered to the customer, which if corrected, could improve the overall customer call experience:</p> <p>1. The call prompts utilize a mix of different male and female voices leading to an abrupt and nonrelatable customer experience.</p> <p>2. The inter-prompt and queue treatment consists of a mixed use of silence, ringing, messaging, and music while the customer is on-hold and as the customer transitions from one vector step to another.</p> <p>3. E-PASS main menu has redundant options to "return to main menu" and "repeat options". The menu also allows callers to opt out to a customer service representative using option "0" which may lead to prolonged call handling times.</p> <p>4. Hours of operation and locations are given to callers even though the center is open. This information would normally only be presented after-hours.</p> <p>5. The center does not leverage Estimated Wait Time ("EWT") prompting to inform callers of wait times and potentially redirect callers to online servicing.</p>	<p>There are opportunities to improve the prompts and messaging delivered to customers contacting the Authority by improving prompts and call treatment consistency and attempting to direct more callers to online servicing. The Authority should consider the items above and conduct a thorough evaluation of vector programming and IVR prompting during the implementation of the centralized back office contact center IVR platform to ensure consistent treatment and the use of EWT to inform callers of high wait times and reinforce the use of online or other servicing options.</p>		<p>The Authority is in the process of procuring and implementing a new IVR system for E-PASS which will include back-up hardware, and the improvement recommendations will be taken into account at that time. In addition, the Authority will provide the recommendations to the centralized back office contact center vendor for consideration during the development of any IVR technology. If the Authority were to agree to move forward with the centralized back office contact center.</p>	Mahmoud Haq, Manager of IT	Completed	<p>Per discussion with David Wynne, Director of Toll Operations, the new IVR system has been implemented. The improvement recommendations were considered throughout the process and documented management justifications for items that were not implemented. Internal Audit posed calls to the IVR system several times to determine if the were implemented to improve the overall customer call experience. Internal Audit noted the following through calls placed and discussions with management:</p> <p>1. The call prompts now utilize only the female voices which leading to a more consistent customer experience.</p> <p>2. The inter-prompt and queue treatment now consists of messaging with music while the customer is on hold. Per discussion with David Wynne, Director of Toll Operations, a conscious effort was made to provide a more consistent experience and professional flow. Voice talent that was previously done by multiple people was primarily consolidated into one professional voice talent through GIM Voices. Also, the timing of transitions was addressed as some transitions previously had periods of long silence.</p> <p>3. Management has removed the redundant options to "return to main menu" and "repeat options". However, if the customer does not respond to the prompts, the system automatically repeats the options. The menu still allows callers to opt out to a customer service representative using option "0". Per discussion with David Wynne, Director of Toll Operations, the Authority did not want to trap the customer in the IVR with no available option to reach an agent. Management felt this decision more closely aligned with the desired customer experience.</p> <p>4. Hours of operation is still provided automatically when the call is routed to the call center agents, even though the center is open. The main menu also directs callers to the hours of operation and locations by choosing certain menu options. Per discussion with David Wynne, Director of Toll Operations, management felt that it would be beneficial if the customer is made aware of the hours automatically if they choose to substantiate the call for any reason. If the Authority does not provide the hours of operation at the beginning of the call it may require the customers to call back again to obtain the hours. Management did not feel this was customer friendly and the amount of time required to provide the hours is minimal in the process.</p> <p>5. The IVR now leverages Estimated Wait Time ("EWT") prompting to inform callers of wait times and automatically redirect callers to online servicing.</p> <p>Based on the items verified and management responses above, Internal Audit considers the action plan closed.</p>	6/30/16	Concur
<p>Aligning call quality attributes to a standardized call flow process enables an organization to assess, measure and address specific behaviors that are aligned to call handling performance objectives, such as call handle time and use of ACW. The standard segments of a call flow include Greeting, Caller Identification, Caller Validation, Service Identification, Service Delivery and Wrap-up.</p> <p>The Authority's call center quality assurance program is aligned to measure quality in a generalized manner and is not aligned to a standardized call flow. The current call center quality assurance forms are made up of 29 Yes or No questions and 5 additional questions that are measured on a gradient of 1-3. The form does not include "automatic fail" questions/responses that would indicate the need for immediate re-training.</p> <p>As a leading quality assurance practice, all questions should be measured on a gradient wherever feasible. Aligning the quality form to a standardized call flow enables the use of gradients more easily because it allows the behaviors measured to be compared against a specific business process and related goals.</p>	<p>To improve the quality assurance process, the Authority should identify a standardized call flow for the types of calls handled by the call center and identify the specific behaviors and skills that should be measured within each segment of the call. This process would enhance the quality assurance process to allow for specific guidance to CSR's and align quality criteria to measurable business goals and objectives (e.g. reduction of call handle time).</p>	Concur	<p>The Authority will work with the third-party call center vendor to revise the current quality assurance process to align with the call quality attributes to measure business objectives.</p>	David Wynne, Director of Toll Operations	Completed	<p>Internal Audit obtained the Operations Procedure for Call Monitoring from David Wynne, Director of Toll Operations, and noted the procedure was effective 2/28/2016, and was approved by Ailie Braswell Jr., EGIS Program Manager. Internal Audit noted the Authority's call center quality assurance program is aligned to a standardized call flow and the Yes or No questions have been revised to incorporate a gradient scale of 1-5.</p>	Original: 7/1/15 Revised: 11/30/15 Revised: 3/31/16	Concur
<p>While the messaging delivered to callers in both the IVR and Vector messaging reminds callers that unpaid toll notices can be paid online, the Authorities web presence could be improved to make the process of making payments online more intuitive. Links to unpaid toll payment options are not plainly visible and require additional navigation that we believe is deterring customers from utilizing the online service and instead placing calls into the center.</p> <p>In addition, throughout the course of the 400 call observations, there were only a handful of calls (fewer than 5) where the agent reminded the caller that purchasing a transponder or replenishing their account would allow them to avoid toll violations in the future.</p> <p>Also, the Authority's corporate phone number is often called when a customer is trying to contact the call center. These calls are received by the Authority's receptionist and transferred to the call center.</p>	<p>The Authority should consider launching an E-PASS product and services website, independent of the corporate website, that would focus on the customer experience and E-PASS activity. An E-PASS focused website would allow customers to navigate the site with ease and would help to deflect customer service activities, such as making unpaid toll notice payment and account replenishments, to the website.</p> <p>Also, call center agent training should also be considered to reinforce the importance of reminding customers to replenish their accounts and/or purchase a transponder in cases where an in-state customer is contacting the authority about a toll violation or citation. These improvements can deflect calls and reduce volume of calls received by the call center.</p> <p>The Authority should also consider adding prompts to the treatment provided on the main number to route callers to the call center in order to limit the number of call center calls received by the receptionist.</p>	Concur	<p>1. The Director of Toll Operation and IT will schedule a meeting with the CPX Communication Department to discuss the recommendations to the website and evaluate which recommendation can be implemented.</p> <p>2. The call center scripts will be updated to include a reminder to customers to replenish and/or purchase a transponder at the end of each call.</p> <p>3. The Authority will consider adding prompts to the treatment provided on the main number to route callers to the call center in order to limit the number of call center calls received by the receptionist.</p>	<p>1. David Wynne, Director of Toll Operations, and Joann Choleff, Director of IT</p> <p>2. David Wynne, Director of Toll Operations</p> <p>3. Joann Choleff, Director of IT</p>	Completed	<p>1. Complete - Per discussion with David Wynne, Director of Toll Operations, and Joann Choleff, Director of IT, additional hyperlinks were added to the Authority's website to improve ease of access to the E-PASS website. Internal Audit reviewed the updated website and noted links and pictures were added to direct users to the E-PASS website for UIN payment.</p> <p>2. Complete - As discussed the Operations Procedure for Call Handling from David Wynne, Director of Toll Operations, and noted a reminder to replenish for E-PASS customers and a reminder to purchase a transponder for non-customers was added to the call scripts. The procedure was effective 2/28/2016 and was approved by Ailie Braswell Jr., EGIS Program Manager.</p> <p>3. Complete - Per discussion with David Wynne, Director of Toll Operations, and Joann Choleff, Director of IT, the prompts have been added to the Authority's main number to route callers to the call center. Internal Audit performed a test call and noted three options were provided to the caller (UIN/UTC, E-PASS accounts, other calls). The prompts added will route calls regarding UIN/UTC and E-PASS accounts to the call center rather than directly to the receptionist.</p>	1. 8/1/15  2. Original: 6/1/13 Revised: 11/30/15 Revised: 3/31/16 3. 8/1/15	Concur

**Back Office Customer Call Center Review**  
**May 2015 Recommendations**  
**Status of Recommendations**

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status as of August 31, 2016	Testing Results	Due Date	IA Evaluation of Management's Status
The majority of calls handled by the Authority are payment related, including payment of unpaid Pay Notices and Citations and account replenishment. During these calls, agents spend an average of 38 seconds identifying the caller and accessing their account. This represents approximately one-third of the total talk time of the call. A combination of call automation (attempting to identify the caller via the phone number that they are calling from) and agent training to obtain the information required to identify the customer and access their account as efficiently as possible could significantly reduce the handle time of calls.	The Authority should conduct further analysis to determine the percentage of inbound calling line ID's that can be linked to one or more existing accounts in the Authority's servicing applications. If this percentage is greater than 40-50%, this would indicate a substantial opportunity to automate inbound calls and thereby reduce overall handle times.  In addition, the Authority should consider developing and conducting agent training to enable agents to take control of inbound calls and identify the information needed to access the caller's notifications, citations, and/or the caller's account as efficiently as possible.	Concur	1. Further analysis will be conducted to determine the percentage of inbound calls associated with active customer accounts. Based on results of the analysis, the Authority will determine if it is feasible to incorporate call automation based on strategic direction as it relates to the deployment and CRA involvement in centralized back office contact center training.  2. The third party call center vendor will provide refresher training on "Call Control" and incorporate "Call Control" techniques into new agent training.	1. David Wynne, Director of Toll Operations, and Mahmood Haq, Manager of IT  2. David Wynne, Director of Toll Operations	Completed	1. Complete - Per discussion with David Wynne, Director of Toll Operations, and Karlee Milan, Programmer/Supervisor/Database Administrator, IT has completed the analysis of inbound calls to customer accounts. A list of phone numbers from actual calls to the Service Center was obtained by IT and loaded into the customer database. IT ran an SQL query to match the phone numbers in the list against the phone numbers registered to active (PASS) accounts at the time of the query. There were 67,806 calls in the listing and 23,139 were linked to customer accounts (28%). As a result of this analysis, the IT department will not pursue call automation at this time, but may consider adding the feature in the future.  2. IA obtained the Operations Procedure for Call Handling from David Wynne, Director of Toll Operations, and noted two call scripts are currently in use, one for E-PASS and another for Non-Customers. The operation procedures are following a 7-step general call flow from Greeting to Branded Closing. The purpose of the procedure is to improve the efficiency and effectiveness of the call handling process, and to standardize the call service. The procedure was effective 2/29/2016, and approved by Alie Bravetti Jr., EGIS Program Manager.	1. Original: 7/2/15  Revised: 11/30/15  2. Original: 6/11/15  Revised: 11/30/15  Revised: 3/23/16	Concur

COSO Framework Governance Review  
June 2015 Recommendations  
Status of Recommendations

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at August 31, 2016	Testing Results	Due Date	IA Evaluation of Management's Status
<p>The Authority's department managers identify staff training needs and approve the training. Although staff training budgets are included in the Human Resource (HR) budget, the Human Resource department does not monitor the training needs of the organization. Leading practice is for Human Resources to perform periodic assessments of the training needs across the organization to promote development, competency, and continuing education.</p> <p>Additionally, a formalized training request process is not in place to document the business reason for each training expenditure and to ensure the appropriate approvals are obtained.</p>	<p>To incorporate leading practice, the Authority should perform an annual training needs assessment during the performance evaluation process to identify development opportunities throughout the organization.</p> <p>The Authority should also develop an HR Training Request Form to document the business reason for each training, cost, attendees, and Human Resources approval. The addition of the form will formalize the oversight process for training requests and help ensure training expenditures align with business needs, goals, and budgetary restrictions.</p>	Concur	<p>The Authority added discussions regarding training needs to the annual performance evaluation process. Performance evaluation forms were updated to request input on training needs from the employee and management.</p> <p>The Authority will develop an HR Training Request Form as recommended and implement a review process to ensure training expenditures are approved and meet business objectives.</p>	Michelle Maiksch, Chief of Staff	Completed	<p>Internal Audit obtained and reviewed the Performance Evaluation Form and related process documentation and determined a question was added to the form regarding areas where additional training may be needed. This component of the recommendation has been marked complete.</p> <p>IA also obtained the Training Request Form. Michelle Maiksch, Chief of Staff, and noted the Training Request Form contains two levels of approvals (Supervisor/Manager and Director) to ensure the expenditure is reviewed and meets the business objectives.</p>	<p>Original: 12/31/15</p> <p>Revised: 3/31/16</p>	Concur
<p>Written procedures are an integral component of the infrastructure surrounding each critical business process. Procedures help govern, in writing, the actions necessary to fulfill the organization's policy for operations. The IT and HR departments have not updated desktop procedural documents with the appropriate level of detail to provide guidance in the pursuit of achieving the objectives of the process, help reduce misunderstanding, and increase distribution of pertinent information to those involved in the process.</p>	<p>The Authority should identify and update the desktop procedures for key processes within the IT and HR departments to include the appropriate level of detail. The Desktop Procedures should allow anyone generally competent for the position to perform the job duties.</p>	Concur	<p>The Authority will identify and update the desktop procedures for key processes within the IT and HR departments to include the appropriate level of detail.</p>	<p>Michelle Maiksch, Chief of Staff</p> <p>Mahmood Haq, Manager of IT</p>	Completed	<p>Internal Audit obtained the Human Resource Department Desktop Procedures which were updated in July 2016 from Michelle Maiksch, Chief of Staff, and noted the Desktop Procedures include Setup, Maintenance and Security of HR Records; Processes/Recruiting and Hiring; Training; Benefits Administration; Performance Evaluation; Performance, Reward and Recognition; Employee Terminations; and HR Forms. Internal Audit noted the procedures have appropriate level of detail to provide guidance in the pursuit of achieving the objectives of the process.</p> <p>Internal Audit obtained the updated desktop procedures for the benefits file upload from Mahmood Haq, Manager of IT, and noted the procedures included appropriate level of detail to ensure the key process can be completed by anyone generally competent for the position.</p>	<p>Original: 2/28/16</p> <p>Revised: HR - 4/30/16 IT - 8/31/16</p>	Concur

**Ethics Policy Compliance Review  
June 2015 Recommendations  
Status of Recommendations**

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at August 31, 2016	Testing Results	Due Date	IA Evaluation of Management's Status
<p>Florida Statute Section 348.75(3)(b) states that the Authority's board members, employees, and consultants who hold positions that may influence Authority decisions should refrain from engaging in any relationships that may adversely affect their judgment in carrying out Authority business. To prevent such conflicts of interest and facilitate a monitoring process, Florida Statutes and the Authority's Code of Ethics require that board members, employees, and consultants disclose potential conflicts of interest annually. To comply with the conflict of interest statute requirements, the Authority developed a conflict of interest disclosure form to be disseminated to all board members, employees, and consultants annually. The Authority's department managers identify the consultants that provide professional services within their department and distribute the disclosure form to applicable consultants. The legal department distributes the disclosure form to board members and employees. All completed disclosure forms are submitted to the Authority's Executive Assistant, who posts responses to an Excel document. Supplemental information necessary to complete the form, such as listings of Orange County and City of Orlando registered lobbyists and corridor maps with ownership listings, is included in the distribution of the disclosure form. The review of the conflict of interest disclosure process identified the following areas for improvement:</p> <p>1. Although the conflict of interest disclosure form and excerpts of the Florida Statutes are sent to the Authority's consultants, the Authority has not provided consultants with formal instruction on how to complete the form. For example, the Authority has not provided guidance on how consultants should respond to questions that are geared towards an individual and not the company, such as the disclosure of relatives.</p> <p>2. The process to distribute and monitor receipt of the disclosure forms is manual and decentralized. Due to the number of consultants that may be required to complete and submit the disclosure form, automating and centralizing this process to one department would increase efficiency and allow management to quickly identify board members, employees, and consultants who have not complied with the requirement.</p> <p>3. The Authority has established the disclosure requirements based on Florida Statutes; however, the Authority has not established a process to enforce the requirements and to hold vendors accountable for completing and returning the disclosure form.</p>	<p>1. To improve the disclosure process and set clear expectations, the Authority should define and document instructions for completing the conflict of interest disclosure form, including the expectation that one form should be completed for the firm/company, guidance on answering questions geared toward an individual, and the objective of the Florida Statute requirements.</p> <p>2. The Authority should consider automating the distribution and monitoring processes for the disclosure form through development of a Conflict of Interest Reporting portal on the company's website. The website can host the disclosure form, instructions, deadline, and supplemental information (corridor maps, ownership listings, etc.); allow users to upload the completed disclosure form and facilitate tracking and receipt of responses received. The Authority should consider centralizing the disclosure process by selecting one department to manage distribution and tracking of the disclosure forms. Based on the current structure of the Authority and the process in place, the Procurement Department would be well-equipped to distribute the notification to consultants to complete the disclosure form and track and retain responses.</p> <p>3. The Authority should define and document consequences for consultants that do not return the completed conflict of interest disclosure form, including the penalties that may be imposed by the Authority. The Authority should consider withholding vendor payments if the consultant is not responsive to the Authority's request to complete the form, which is similar to the enforcement process in other areas of the organization.</p>	Concur	<p>1. The Authority will define and document instructions for completing the conflict of interest disclosure form as recommended.</p> <p>2. The Authority will develop a Conflict of Interest Reporting portal to automate the distribution and monitoring process for conflict of interest disclosure forms. The Authority will centralize the process to manage distribution and tracking of the disclosure forms to the Procurement Department.</p> <p>3. The Authority will define and document consequences for consultants that are not responsive to the Authority's request to complete the disclosure form.</p>	<p>1. Joe Passalunghi, General Counsel</p> <p>2. Linda Lamosa, Deputy General Counsel</p> <p>3. Joe Passalunghi, General Counsel</p>	Completed	<p>Per discussion with Joe Passalunghi, General Counsel, and Michelle Mankiw, Chief of Staff, recommendations are in progress and are currently on track for completion by the scheduled due date. CFX has a contractor (Evolve) designing and hosting the new CFX website. The recommendation was communicated to Michelle Mankiw, Chief of Staff, so that the contractor can include a page to host the ethics information on the new website.</p> <p>1. Per discussion with Linda Lamosa, Deputy General Counsel, the instructions for the conflict of interest disclosure form were defined and documented. Internal Audit obtained and reviewed the Potential Conflict Disclosure Form instructions.</p> <p>2. Per discussion with Linda Lamosa, Deputy General Counsel, a Sharepoint site was developed to monitor and track the conflict of interest disclosure forms. Employees can access the Sharepoint site to view training modules, applicable Florida Statutes, instructions, and other materials relating to the conflict of interest. Internal Audit reviewed the Sharepoint site with Linda Lamosa. Staff personnel assigned to each committee and the Board is responsible for sending out the conflict of interest disclosure form via e-mail to the committee. The Procurement Department is responsible for sending out and tracking vendor responses to the conflict of interest disclosure form. Recipients return the disclosure form via e-mail or FTP. Sharepoint sites are being used to centralize forms received and track employee, Board/Committee member, and vendor responses and users can easily sort on the Sharepoint site to identify conflicts disclosed. Internal Audit determined that only four employees had not yet completed the form per the Sharepoint tracking site as of this update. In addition, the Authority has reviewed approximately 50% of the vendor disclosure forms per the Sharepoint site. The Legal Department and Procurement Department will be putting a plan in place to follow up on the outstanding forms and determine how penalties should be communicated and enforced for vendors that have not complied.</p> <p>3. Per discussion with Linda Lamosa, Deputy General Counsel, the consequences for consultants that are not responsive to the Authority's request to complete the disclosure form were defined and documented within Section 6 of the Potential Conflict Disclosure Form instructions.</p>	5/1/16	Concur
<p>Florida Statute Section 348.75(3)(b) states that the Authority's board members, employees, and consultants must disclose whether a relative is a registered lobbyist, and if so, disclose the names of the lobbyist and the lobbyist's client. The Authority has defined the term "registered lobbyist" within the Code of Ethics as any person who shall engage in lobbying for compensation for (1) an entity other than his or her employer; or (2) for any entity including his or her employer if a principal function of his or her position is lobbying or governmental relations; and (3) is registered with any local jurisdiction represented on the Authority's Board. The City of Orlando and Orange County have established a process for lobbyist registration; however, Lake County, Osceola County, and Seminole County do not require lobbyist registration. Therefore, lobbyists in Lake, Osceola, and Seminole County may not meet the definition of "registered lobbyist" as established by the Authority. Based on these circumstances, there is a potential for nondisclosure of relationships with a lobbyist in Lake, Osceola, or Seminole.</p>	<p>The Authority's management and Board should review the previous disclosures regarding the definition of "registered lobbyist" and determine if the current definition should be revised to better address the objectives of the Florida Statute.</p>	Concur	<p>The Authority will review previous Board discussions and discuss further, as needed, to determine if the registered lobbyist definition should be revised.</p>	Joe Passalunghi, General Counsel	Completed	<p>Per discussion with Joe Passalunghi, General Counsel, the recommendation was discussed further with the Board during the 9/10/2015 Board Meeting and further research is currently being conducted based on the Board's recommendation.</p> <p>Internal Audit obtained and reviewed the draft minutes from the 9/10/2015 Board meeting and noted the Board proposed setting up lobbyist registration at CFX rather than relying on Orange County and the City of Orlando registrations, as the groups that lobby CFX may differ. General Counsel was asked to research the proposal further and return to the Board with a recommendation in April 2016. Internal Audit obtained and reviewed the April 2016 Board meeting minutes and noted that the final decision was to rely on the Orange County and the City of Orlando registrations and the definition will remain the same.</p>	5/1/16	Concur
<p>The Authority's employees and vendors must acknowledge that they have reviewed, understand, and will have compliance with the Authority's Code of Ethics. Employees sign a Certificate of Completion annually to acknowledge completion of the annual ethics training and compliance with the Authority's Code of Ethics. At the inception of a contract, vendors must sign the Acknowledgement of Standard of Conduct and Code of Ethics form to acknowledge their review of the Code of Ethics and adherence to the requirements of the policy.</p> <p>However, Board members do not certify their understanding or compliance with the Code of Ethics, which is inconsistent with the process in place for employees and vendors.</p> <p>Additionally, the Authority has not developed a process to notify vendors of modifications to the Code of Ethics, subsequent to the inception of their contract.</p>	<p>Board Members should sign an annual ethics certification to acknowledge their understanding and adherence to the Code of Ethics. This will exhibit the Authority's focus on the issue at the time.</p> <p>Additionally, the Authority should consider notifying vendors when the Code of Ethics has been modified to ensure vendors are aware of any new compliance requirements. Vendors should reaffirm their understanding and compliance with the newly adopted Code of Ethics by signing a new Acknowledgement of Standard of Conduct and Code of Ethics.</p>	Concur	<p>The Authority will require Board members to certify their understanding and compliance with the Code of Ethics annually. Going forward, the Authority will notify vendors when the Code of Ethics is modified and require that each vendor sign a new Acknowledgement of Standard of Conduct and Code of Ethics.</p>	Darlene Marfillo, Executive Assistant, and Aneth Williams, Director of Procurement	Completed	<p>Per discussion with Darlene Marfillo, Executive Assistant, the annual Board certification of understanding and compliance with the Code of Ethics has been added to the Board Checklist as developed based on the 2015 CSO Governance Review recommendations. The checklist will help facilitate the annual certification from the Board members during 2016. As the process has been implemented, the action plan was marked as complete by Internal Audit.</p> <p>Per discussion with Aneth Williams, Director of Procurement, the Authority has added the vendor modification process to the Procurement Department Procedures document, to be followed when the Code of Ethics is modified. Internal Audit obtained a copy of the revised Procurement Procedures as evidence. A change has not been made to the Code of Ethics since the audit report was issued; therefore, the process could not be tested. However, Internal Audit completed the action plan closed as this has been incorporated into a procedure document.</p>	5/1/16	Concur
<p>The Authority's Ethics Policy follows the State of Florida Code of Ethics. However, there are no written procedures documenting the Authority's ethics compliance monitoring process. Written procedures are an integral component of the infrastructure surrounding each critical business process. Procedures help govern, in writing, the actions necessary to fulfill the organization's policy for operations. Procedures provide guidance in the pursuit of achieving the objectives of the process, help reduce miscommunication, and increase distribution of pertinent information to those involved in the process.</p>	<p>The Authority should consider developing written "business" procedures that clearly define and document key aspects of the Authority's ethics activities, including:</p> <ul style="list-style-type: none"> <li>Conflict of interest disclosure process</li> <li>Training and ongoing education</li> <li>Compliance review process</li> <li>Penalties for violations</li> </ul>	Concur	<p>The Authority will develop written procedures to document the Authority's ethics activities and compliance monitoring processes.</p>	Joe Passalunghi, General Counsel	Completed	<p>Per discussion with Linda Lamosa, Deputy General Counsel, the written procedures to document the Authority's ethics activities and compliance monitoring processes were developed. Internal Audit obtained and reviewed the written procedures.</p>	5/1/16	Concur

Contracts Audit  
January 2016 Recommendations  
Status of Recommendations

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at August 31, 2016	Testing Results	Due Date	IA Evaluation of Management's Status
<p>The Authority has policies and procedures to authorize the use of subcontractors by vendors. Subcontractors may be approved through (1) inclusion in the vendor proposal and bid or (2) the completion of an "Authorization to Subcontract" form. The "Authorization to Subcontract" form can be approved by the Procurement Director for amounts up to \$25,000 and requires Board Approval for any amount in excess of \$25,000. The Jorgensen contract states that all subcontractors intended to be utilized by Jorgensen must be approved by the Authority in advance.</p> <p>Jorgensen utilized twenty-six subcontractors since the inception of the contract. Of those twenty-six subcontractors, five were disclosed in the original proposal and contract approved by the Board. Jorgensen did not complete the "Authorization to Subcontract" request for the remaining twenty-one subcontractors. In addition, eight of the twenty-one subcontractors were paid amounts in excess of \$25,000, which required Board approval.</p>	<p>The Authority should utilize a vendor billing compliance checklist (similar to one employed for construction and engineering contracts) to allow for monitoring of the use of subcontractors. A listing of authorized subcontractors should be included in the checklist and the checklist should be used to track the approval of new. The contractor should also be required to submit a detail of the use of subcontractors with each vendor invoice.</p>	<p>Concur</p>	<p>Contract Specialists within the maintenance department will implement the use of a "Subcontractor Status Report" as part of monthly checklist of contract requirement monitoring and require the vendor to provide the listing of subcontractors along with their monthly invoice. Additionally, the Contract Specialist will compare the listing provided against the subcontractor approval forms submitted to confirm compliance. The Contract Specialist will also maintain a spreadsheet of subcontractor use and seek Board approval if the amounts approach \$25,000.</p>	<p>Claude Miller, Director of Maintenance</p>	<p>In Progress (Past Due)</p>	<p>Per discussion with Claude Miller, Director of Maintenance, and Garrie Baker, Contract Support Specialist, the Asset Maintenance/Routine Inspection Monthly Subcontractor Status Report was created and sent out to prime contractors. The Authority is currently working with the prime contractors to receive the completed reports on a recurring basis. In addition, the Authority has requested the listing of subcontractors and related approval forms be submitted by the prime contractor, but has not received all forms as of this update. Therefore, additional time is required to complete the action plan. Once these items are completed, the tracking spreadsheet will be finalized and the recommended monitoring process will be implemented.</p>	<p>Original: 2/1/2016</p> <p>Revised: 4/1/16</p> <p>Revised: 12/31/16</p>	<p>Concur</p>
<p>The Jorgensen Contract Services Contract states that the Contractor (Jorgensen) is required to acquire a surety bond for the annual value of the contract. This is calculated by taking the total contract value and dividing it by five (the contract term). In the event of a Supplemental Agreement, the surety bond must be updated to reflect the new contract value.</p> <p>The Jorgensen contract had an initially contract value of \$16,989,528, which results in an annual bond requirement of \$3,397,905.60. During the initial two years of the contract term (2011 and 2012), the surety bonds were provided to the Authority in the amount of \$3,327,333.88 resulting in an underinsured exposure of \$70,571.72 each year. The error was corrected by the contractor for 2013 and subsequent years; however the error was not identified by the Authority as part of its normal process.</p>	<p>The Authority should establish a procedure requiring Contract Management to prepare a checklist identifying key contract terms related to each contract. The contract manager should perform a detailed review of contract compliance at least annually and should reference the checklist to ensure vendors are in compliance with contract terms and conditions prior to releasing the last vendor payment of the year.</p>	<p>The Authority concurs and notes that less than six contracts within the Authority are subject to this type of bond. Most contracts require a bond at the commencement of the project.</p>	<p>The Contract Specialists within the maintenance department will verify the amount of the surety bond complies with the contract requirements as part of the contract compliance checklist. In addition, the procurement department will prepare a secondary review of the compliance with the surety bond requirement.</p>	<p>Claude Miller, Director of Maintenance  Aneth Williams, Director of Procurement</p>	<p>Completed</p>	<p>Per discussion with Claude Miller, Director of Maintenance, the review of surety bond compliance has been added to the Director's contract compliance checklist. Internal Audit obtained a copy of the updated checklist and noted that a step is included to verify the surety bond amount is in compliance.</p> <p>Per discussion with Aneth Williams, Director of Procurement, the surety bond check was performed upon expiration of the JCS surety bond. Internal Audit obtained the surety bond continuation and determined the amount was reviewed for compliance with the contract. In addition, this step will be added to the desktop procedures in the Procurement Department to ensure this is performed on an ongoing basis.</p>	<p>Upon expiration of surety bond</p>	<p>Concur</p>

**Bond Financing Review  
January 2016 Recommendations  
Status of Recommendations**

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at August 31, 2016	Testing Results	Due Date	IA Evaluation of Management's Status
<p>The CFX Debt Policy, section XI, states that at least twice each year, the Board shall receive a report on the status of its debt. The report shall at a minimum include:</p> <ul style="list-style-type: none"> <li>- Amount and percentage of total debt by categories: <ul style="list-style-type: none"> <li>- Natural fixed</li> <li>- Synthetic fixed</li> <li>- Natural variable</li> <li>- Synthetic variable</li> </ul> </li> <li>- Current mark-to-market value of all interest rate exchange agreements</li> <li>- Historical rate performance for all variable rate bonds</li> <li>- Any changes in ratings for credit enhancers and swap counterparty</li> </ul> <p>The most recent debt status report was completed on July 22, 2013. The report is not being prepared twice per year as required in the Debt Policy.</p>	<p>CFX's Finance Department should comply with its Debt Policy and prepare and present the semi-annual debt reports to the Board.</p>	Concur	<p>CFX will look into if the policy should be changed now that CFX's variable rate debt accounts for less than 15% of the portfolio. A report will be given to the Board at the next financial workshop.</p>	Lisa Lumbard, CFO	Completed	<p>Per discussion with Lisa Lumbard, CFO, the Authority's Debt Policy has remained the same and a semi-annual debt report is required and was submitted to the Board. Internal Audit obtained the Semi-Annual Debt Report from the Central Florida Expressway Authority website. Internal Audit noted the Semi-Annual Debt Report was dated March 25, 2016 and signed by Lisa Lumbard, CFO. The Report includes 3 reports: Current mark-to-market value of interest rate exchange agreements; Rating for credit enhancers and counterparties; Amount and percentage of total debt by categories. The Memorandum was addressed to CFX Board Members, and the report is available to public.</p>	4/1/16	Concur



**ROW Legal Counsel Procurement & Invoice Audit**  
**February 2016 Recommendations**  
**Status of Recommendations**

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at August 31, 2016	Testing Results	Due Date	IA Evaluation of Management's Status
Based on Transportation Infrastructure Finance and Innovation Act (TIFIA) loan requirements, the Authority submits a monthly report of project costs to the federal government and will be required to report final costs for the project in order to obtain the TIFIA loan funding. During the audit, we reviewed various sources of Right of Way data, including the Right of Way Committee minutes, parcel tracking files from outside legal counsel, and the monthly TIFIA reports, and identified multiple instances of inaccurate or inconsistent data between sources. Specifically, the TIFIA reports contained formula errors, data that was incorrectly rolled forward from month-to-month, in addition to classification issues for closed parcels that were listed as open. Of most concern were inaccuracies identified in the TIFIA reports that are designed to track project costs for later funding from the Federal government. There are multiple parties involved in creating and reviewing the TIFIA reports, including Legal Counsel and Finance personnel, which all input or review parts of the report. It is critical that the data in the TIFIA reports be kept complete and accurate for monitoring and reporting purposes. There is an opportunity to improve the quality and reliability of the data gathered for presentation in the TIFIA reports.	The Authority should formalize its quality assurance/quality control process by assigning a process owner(s) responsible for compiling TIFIA data, reconciling TIFIA data to source documents, and verifying the completeness and accuracy of the information included in the monthly TIFIA reports. Additionally, there is an opportunity to centralize Right of Way activity into one spreadsheet or database in order to minimize (or eliminate) the maintenance and monitoring of multiple sources of information.	Concur	Initially, each Right of Way outside counsel or responsible party within the Authority will confirm the amount paid in the cumulative payments columns of the monthly TIFIA reports to ensure accuracy of the current spreadsheet. If there is a discrepancy identified, the responsible party will research and correct the discrepancy in the TIFIA reports. Going forward, each firm or responsible party will prepare a separate monthly TIFIA report summarizing the activity in the parcels assigned to that firm. The Accounting Department will audit the spreadsheets for accuracy using source documentation, which will be made available to the party responsible for performing the review of the spreadsheets.	Linda Lanosa, Deputy General Counsel Michael Carlisle, Manager of Accounting and Finance	In Progress (Fast Due)	Per discussion with Linda Lanosa, Deputy General Counsel, each firm/responsible party creates their own separate monthly TIFIA report summarizing the activity in the parcels assigned to them. Each firm/responsible party certifies that the monthly TIFIA report contains accurate information and acknowledges that the information will be relied upon for the Authority's reporting requirements. Internal Audit obtained examples of the signed acknowledgment form for each responsible party.  Per discussion with Scott Bear, CHDM Hill Consultant, he receives the monthly reports from the external counsel and other responsible parties and he compiles the reports for review by the Authority. Once comments or changes are incorporated, the report is provided to Glenn Pressimone, Director of Engineering. Glenn reviews and approves before the compiled report is submitted to the TIFIA contact.  Per discussion with Anesh Williams, Director of Procurement, the Finance Department has audited historical data and continues to audit the relocation costs, CFX parcels, and the Lowndes parcels and related expert costs monthly. Internal Audit obtained emails from Anesh Williams evidencing her review of the relocation costs, CFX parcels, and Lowndes parcels. Internal Audit also determined through inspection of Anesh's review package that the costs included in the monthly report were agreed to supporting documentation. The Authority is relying on the signed certifications for Shotts & Bowen and Winderweeille parcels and those monthly reports have not been subject to review by the Finance Department as of the date of this update. Due to staffing changes, the audit process is being transitioned to Michael Carlisle, Manager of Accounting and Finance, starting in October. The action plan is only considered partially complete as the Shotts & Bowen and Winderweeille monthly reports have not been subject to audit by the Finance Department and more time is necessary to complete the action plan.	Original: 8/1/16  Revised: 1/31/17	Concur
The Authority's General Counsel reviews invoices for fees billed by external Right of Way legal counsel for accuracy and compliance with contractual terms. Per the terms of the contracts, external legal counsel will not be reimbursed for expenses such as telecopy, local telephone, data processing, courier or other services that would be deemed to be part of the firm's overhead expenses. However, the firm will notify General Counsel of any large copy and print jobs in order for a determination to be made as to how the copying will be handled and reviewed.  Internal Audit testing identified that one external Right of Way counsel billed the Authority for \$1,440 in copy and printing charges without prior authorization by General Counsel. General Counsel reviewed and approved the invoices for payment; however, there was no evidence that the charges were approved prior to being invoiced.  In addition, supporting documentation is required to be provided by external legal counsel for direct costs incurred, such as court reporters and deposition transcripts. Internal Audit testing identified that one external Right of Way counsel billed the Authority for \$1,135 in court reporters and courier costs. However, invoice support was not provided for these costs and the legal invoice was approved for payment.	The Legal Department should review the invoices for appropriateness and to (1) ensure that direct costs billed conform to authorized costs detailed in the contract, (2) supporting documentation is provided for direct costs, and (3) each expert invoice is reviewed and approved by external legal counsel. The Finance Department personnel should conduct a secondary review of invoices for supporting documentation and attorney approval while reviewing invoices for rates and personnel assigned.	Concur	Legal Department will perform a review of invoices to (1) ensure that direct costs billed conform to authorized costs detailed in the contract and (2) supporting documentation is provided for direct costs.  In addition, the Finance Department will perform a secondary review of the invoices to include the direct costs, supporting documentation, and approval of the expert invoices.	Joe Passatore, General Counsel Carrie Baker, Manager of Contract Compliance	Completed	Per discussion with Carrie Baker, new Manager of Contract Compliance, the Finance Department performs the initial review of ROW counsel invoices. Invoice review includes review of direct costs for appropriate supporting documentation.  Per discussion with Joe Passatore, General Counsel, the Legal Department review for unauthorized costs is ongoing and items are disallowed or not paid if pre-approval or supporting documentation is not provided. In addition, CFX will no longer reimburse for internal copying costs and has deducted copying charges from the last ROW legal counsel invoice.	Original: 8/1/16	Concur



Toll Revenue Audit  
March 2016 Recommendations  
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Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at August 31, 2016	Testing Results	Due Date	IA Evaluation of Management's Status
Monthly, the Authority's Accounting & Finance department performs adjusting journal entries as part of the month-end reconciliation process to true-up the general ledger balance for total revenue earned. As part of the audit, Internal Audit identified that the December 2015 AVI revenue for the Airport Plaza was understated by \$136,083 due to an error performing the month-end reconciliation and journal entries. The December 2015 AVI revenue reconciliation was reviewed by appropriate personnel; however, the error was not detected during the review process. The error appeared to result from a recent change in assigned responsibilities within the Accounting & Finance department.	There is an opportunity for the Authority to improve its documentation over the revenue reconciliation process. By creating a procedural document, Authority personnel will have a set of instructions to reference when performing the reconciliation of toll revenue, and a document to leverage when roles or responsibilities change within the accounting department. The procedural document should include detailed procedures for performing and reviewing the monthly revenue reconciliation. As a leading practice, the review procedures should be performed at a level of precision to include recalculation of the month-end journal entry for mathematical accuracy and a review of the final AVI revenue balance per Eden for agreement to the TRIMS Plaza Revenue Summary report.	Concur	Accounting and Finance Department will create a desktop procedure document with detailed steps for the performer and reviewer of the month-end journal entries and reconciliations related to toll revenue.	Michael Carlisle, Manager of Accounting and Finance	Completed	Per discussion with Michael Carlisle, Manager of Accounting and Finance, the AVI Revenue Recognition Procedures document was created. Internal Audit obtained the AVI Revenue Recognition Procedures from the Manager of Accounting and Finance and determined through inspection that there are step-by-step instructions for the performance and review of the monthly toll revenue reconciliation.	9/30/16	Concur
Per the contract between the Authority and URS, the third party Toll Operations Contractor, URS is responsible for loss of revenue if lanes are not staffed according to the CFS approved staffing schedule. During the audit, Internal Audit identified two instances where the Authority was not reimbursed for loss of revenue when the lane was not staffed appropriately. In both instances, the lane was placed in Special Events mode due to an employee medical emergency or illness to allow traffic to pass through the cash toll lane. The Special Events mode was appropriately recorded on the Special Events report and appropriately provided to the Authority; however, the Authority's Accounting and Finance department did not file the request for reimbursement from URS. The total amount due to the Authority was approximately \$136 for the two special events identified by Internal Audit. Although not a significant amount, opportunities exist to improve the process and procedures to prevent a more significant issue in the future.	A review of the Special Events Report should be included on the calendar checklist of month-end procedures to ensure all Special Events are captured for billing to appropriate parties, including URS.	Concur	Accounting and Finance Department will add the review of the Special Events Report to the month-end calendar as recommended.	Michael Carlisle, Manager of Accounting and Finance	Completed	Per discussion with Michael Carlisle, Manager of Accounting and Finance, the Special Events Report was included on the calendar of the month-end procedures to ensure all of the Special Events are captured for billing to appropriate parties. Internal Audit obtained the 2016 August calendar of the month-end procedures from the Manager of Accounting and Finance, and determined through inspection that the Special Events Report was added to prompt the review process.	6/30/16	Concur
In accordance with the Central Florida Expressway Authority's Toll Operations Standard Operating Procedures (SOP), URS performs a review of the Plaza Activity Monitor at least every two hours to review the TRIMS system and to mitigate potential revenue loss due to equipment failure. This review is documented by the Toll Service Supervisor/Manager using a Lane Monitor Checklist. For one day tested, in six (6) of the 15 plazas reviewed, there were one or more instances where the review of the Plaza Activity Monitor was not documented within the two hour limit.	We recommend that the Authority and third party contractor consider eliminating the Lane Monitor Checklist as this is a non-essential report. The Lane Monitor Checklist is an internal document and functions primarily as a summary of the Plaza Activity Monitor detail. Instead, the contractor should consider a revision to their process such that the Toll Service Manager or Supervisor signs directly on the Plaza Activity Monitor sheets, which are date and time-stamped source documents and will suffice as evidence of plaza review. By eliminating the completion of a summary sheet, the Toll Service Managers or Supervisors can complete the documentation of this task more efficiently in addition to having more time to focus on other responsibilities.	Concur	URS has implemented the recommendation as of March 4, 2016.	Dan Goff, Project Director	Completed	Per discussion with Dan Goff, Project Director, Toll Service Managers/Supervisors sign directly on the Plaza Activity Monitor sheets as per the recommendation. Internal Audit obtained a Plaza Activity Monitor Sheet and verified.	Completed	Concur
Per the contract between the Authority and URS, the third party Toll Operations Contractor, URS is responsible for loss of revenue if equipment failure is not reported to the System Hardware Maintenance Contractor within 2 hours. Therefore, the impact to the Authority if the procedure is not followed would be minimal as URS would reimburse the Authority for actual lost revenue determined by the system or an estimate of lost revenue based on historical data.	The URS Assistant Project Director recently created an Excel spreadsheet to track and monitor the status of TAPA due dates and required follow-up. We recommend that the Excel spreadsheet be provided to the appropriate TSM bi-monthly via email and that upcoming TAPA due dates be discussed during the bi-monthly Plaza Managers' meeting.		On February 1, 2016 URS created an Excel spreadsheet to track the due date and the completion date for TAPAs. The spreadsheet will be shared with the Plaza Managers on the 15th and 30th of each month. In addition, the information will be reviewed at the bi-monthly Plaza Managers' meeting. Action Plan has been fully implemented as of March 1, 2016.	Dan Goff, Project Director	Completed	Per discussion with Dan Goff, Project Director, Plaza Managers are notified of the requirements for completion of TAPAs. The Assistant Project Director maintains a tracking log and notifies Managers of any TAPAs that are past due, requests explanations, and follows up to completion. Internal Audit obtained the tracking log from the Project Director and determined through inspection that the spreadsheet tracks and monitors the status of TAPAs due dates and required follow-up, in lieu of sending the tracking log on specific dates, the log is reviewed weekly by the Assistant Project Director. In addition, Plaza Managers are reminded in Plaza Managers meetings to check the status for all new hires.	Completed	Concur

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<p>All check, cash, money order transactions received via mail are processed in the back office mailroom or counting room located at the Authority's headquarters. To allow monitoring of the processing and handling of payments, the mailroom and the counting room are under video camera surveillance.</p> <p>Based on inquiry of EGIS management and Authority IT personnel, camera surveillance is not being actively monitored by either party and the camera footage is not digitally stored and available for retrieval. The IT department indicated that the camera storage system became obsolete when the Authority upgraded to the Windows 7 operating system due to compatibility issues. Management was aware of the obsolete camera system and made a business decision to not upgrade the system at the time.</p>	<p>We recommend that the Authority purchase new surveillance equipment that is compatible with its current operating system and allows for 30-day storage of surveillance data, at minimum, for retrieval as needed. We recommend that footage be recorded in digital format and maintained for a period of at least two weeks to one month based on leading practices. Additionally, the Authority should consider assigning the responsibility of periodic monitoring of the security cameras to EGIS to be performed at least weekly in order to improve monitoring of the mailroom and counting room where checks, cash, and money orders get processed.</p>	Concur	The Authority will procure and deploy the needed equipment and EGIS will perform monitoring of the cameras at least weekly. The procurement of the system will be included in an upcoming camera installation project.	Fred Nieves, Manager of E-PASS & Plaza Operations	In Progress	<p>Per discussion with Fred Nieves, Manager of E-PASS &amp; Plaza Operations, and Mahmood Hise, Manager of IT, procurement of cameras for use throughout the Authority's facilities to enhance security is being planned by the IT department. The cameras for the call center mail room and counting room will be included in this procurement. The work is currently scheduled to take place in Q1 of 2017, so the due date was revised to accommodate the current project plan.</p>	<p>Original: 12/31/16 Revised: 3/31/17</p>	Concur
<p>EGIS employees that work in the E-PASS Call Center and Violation Enforcement Section (VES) group are issued a unique badge and passcode for accessing the building and work area. Upon termination, it is the responsibility of the department manager to collect the terminated employee's badge and notify the IT Help Desk via an online ticket system that the employee's access rights should be terminated immediately. During testing, Internal Audit identified two (2) terminated employees with active badges and building access.</p>	<p>We recommend that an employee termination checklist be developed and distributed to all department managers. Department managers should complete the checklist, which should include procedures around collecting an employee's badge and notifying the Authority's IT department of the termination within a defined period of time (e.g. 3 days). The department manager should sign and date the checklist to indicate all termination procedures were completed. Additionally, the department manager should send the completed employee termination checklist to the EGIS HR Generalist or designee to sign and date the checklist as evidence of review.</p>	Concur	EGIS will implement the recommendation once an HR Generalist is identified and hired.	Allie Braswell, Program Manager	Completed	<p>Per discussion with Allie Braswell, Program Manager, the employee termination checklist was developed and distributed to all department managers. Internal Audit obtained a sample of a completed terminated employee checklist from the Program Manager and determined through inspection that there is a checklist item to ensure the termination form was sent to CFX IT for processing. Internal Audit further determined through inspection of the terminated employee checklist that the manager and the program manager approved by signing and dating the checklist.</p>	12/31/16	Concur