

MEMORANDUM

TO: CFX Board Members

FROM: Jeff Tecau, Managing Director, Protiviti

DATE: May 29, 2017

SUBJECT: Internal Audit Reports



Attached, please find the following 2017 Internal Audit Reports reviewed and accepted by the Audit Committee on March 29, 2017.

1. Prior Audit Recommendations: Semi-Annual Follow-Up
2. Procurement and Contract Billing Audit
3. Call Center Staffing Model Development (Memo)
4. Vendor Security Review

Reviewed by:



Prior Audit Recommendations: Semi-Annual Follow-up

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

Prior Audit Recommendations Follow-Up

January 2017

Internal Audit, Risk, Business & Technology Consulting

2017 Protiviti Inc. All Rights Reserved. This document has been prepared for use by CFX's management, audit committee and board of directors. This report provides information about the condition of risks and internal controls at one point in time. Future events and changes may significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.

Table of Contents

<u>Section</u>	<u>Page(s)</u>
Executive Summary	3
Recommendations Summary	4
Summary of Past Due Management Action Plans	5
Appendix A - Recommendations Detail	6
2010 Contracts Audit	7
2013 Toll Revenue Audit	8
2014 Maintenance & Safety Plan Audit	9
2015 Intelligent Transportation Security (ITS) Systems	10
2016 Contracts Audit	11
2016 ROW Legal Counsel Procurement & Invoice Audit	12
2016 Toll Revenue Audit	13
2017 Public Records Review	14-16

Executive Summary

As part of the Fiscal Year 2017 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
- 2016 Contracts Audit
- 2016 ROW Legal Counsel Procurement & Invoice Audit
- 2016 Toll Revenue Audit
- 2017 Public Records Review

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

This review was completed as of January 2017, 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 August 31, 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 August 31, 2016	New Recommendations	Completed as of January 15, 2017	In Progress as of January 15, 2017*	Past Due
2010 Contracts Audit	1	0	1	0	0
2013 Toll Revenue Audit	1	0	0	1	1
2014 Maintenance & Safety Plan	1	0	1	0	0
2015 Intelligent Transportation Security (ITS) Systems Security Review	2	0	1	1	1
2016 Contracts Audit	1	0	1	0	0
2016 ROW Legal Counsel Procurement & Invoice Audit	1	0	1	0	0
2016 Toll Revenue Audit	1	0	0	1	1
2017 Public Records Review	0	8	2	6	0
Total	8	8	7	9	3

*9 recommendations are classified as "In Progress." 3 of these recommendations are considered "Past Due."

Summary of Past Due Management Action Plans

#	Audit	Internal Audit Recommendation	Management Action Plan	Responsible Party	Summary of Status as of January 15, 2017	Due Date
1	2013 Toll Revenue Audit	6. b) The Authority should also consider automating certain aspects of the Attendant's Shift Record log by integrating the unusual occurrence, violations, and insufficient fund transactions within the MLT system. This would reduce the subjectivity of the FTS auditor's interpretation of the manual ASR log.	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.	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 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.	Original: 7/1/15 Revised: 4/30/16 Revised: 1/31/17 Revised: 4/30/17
2	2015 Intelligent Transportation Security (ITS) Systems Security Review	7. Deploy a log aggregation tool to the environment.	ITS will research the feasibility of including this functionality into the current logging system "What's up Gold". Update July 21, 2015: Research complete. Implementation of Secure Information and Event Management solution pending upcoming organizational changes.	Corey Quinn, Chief of Technology/Operations	Per discussion with Bryan Homayouni, Manager of Traffic Operations, IT is in process of making improvements to the logging process. Therefore, additional time is required to complete the action plan.	Original: 6/30/15 Revised: 12/31/15 Revised: 6/30/16 Revised: 3/31/17 Revised: 11/30/17
3	2016 Toll Revenue Audit	We recommend that the Authority purchase new surveillance equipment that is compatible with its current operating system and allows for 30 days 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.	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	Per discussion with Fred Nieves, Manager of E-PASS & Plaza Operations, and Mahmood Haq, Information Security Manager, 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 at the end of spring or early summer, so the due date was revised to accommodate the current project plan.	Original: 12/31/16 Revised: 3/31/17 Revised: 7/31/17

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 January 15, 2017	Testing Results	Due Date	IA Evaluation of Management's Status
7. Account Adjustment Approval Limits in TRIMS: Section IV B in the scope of services section of the 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. 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. 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. 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.	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).	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 TOL system replacement (TSR) project. During these changes, new may be made of existing processes if it is determined that the current system is not the best 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.	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, Information Security Manager, David Wynne, Director of Toll Operations	Complete	Per discussion with David Wynne, Director of Toll Operations, and Mahmood Haq, Information Security Manager, IT implemented the password requirement to the production environment in November 2016. The password requirement was implemented for the TRIMS, TRAILS, SCWeb, VESWeb, and VRA applications. Internal Audit obtained e-mail correspondence from Nancy Apolito, Senior Business Analyst, to CX personnel notifying CX of the system outage associated with applying the change and that Supervisors and Managers must now use their EA login password when approving adjustments in TRIMS. Additionally, Internal Audit obtained TRIMS Access from Mahmood Haq, Information Security Manager, as evidence of the password implementation and requirements for regular password changes within the system.	Original: 12/31/13 Revised: 12/31/15 Revised: 3/31/16 Revised: 9/30/16 Revised: 12/31/16	Concur

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 January 15, 2017	Testing Results	Due Date	IA Evaluation of Management's Status
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 Attendand'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. 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. Internal Audit performed a review of the overclass transactions (excluding purges, re-syncs, 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 16%. 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.	6. b) The Authority should also consider automating certain aspects of the Attendand's Shift Record log by integrating the unusual occurrence, violations, and insufficient fund transactions within the MLI system. This would reduce the subjectivity of the FTS auditor's interpretation of the manual ASR log.	Concur	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.	David Wynne, Director of Toll Operations	In Progress (Past Due)	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. 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. As part of Internal Audit's review of management status at 1/15/2017, Internal Audit obtained the TransCore monthly status report from December 2016 and the agenda for the January 2017 progress meeting from David Wynne, Director of Toll Operations. Based on the documents obtained project activities, deliverables/documentation, contract administration, and action items are discussed at least monthly with CFX and TransCore personnel.	Original: 7/1/15 Revised: 4/30/16 Revised: 1/31/17 Revised: 4/30/17 Concur	

Maintenance and Safety Plan Compliance
April 2014 Recommendations
Status of Recommendations

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at January 15, 2017	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 programs. 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	Complete	Per discussion with Claude Miller, Director of Maintenance, procedures to document the pertinent aspects of CFX's maintenance and inspection operations in regards to bridges, overhead structures, and roadways were approved by the Director of Maintenance and implemented as of 10/1/16. Internal Audit obtained a copy of the Quick Reference guide for Roadway, Bridge, and Facilities Maintenance from Claude Miller, Director of Maintenance, as evidence of implementation. IA determined through inspection that the procedures include management and maintenance for CFX roadways and bridges, asset tracking, third party agreements, performance monitoring, work orders/maintenance requests, deficiency response, emergency response processes, and GEC Annual Inspections were addressed in the new desktop procedures.	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 January 15, 2017	Testing Results	Due Date	IA Evaluation of Management's Status
1. Access to Roadside Equipment: Improvement opportunities exist surrounding access to ITS network equipment on the roadways.	1. Review the feasibility of deploying a stronger access control tool to the ITS network roadside equipment.	Concur	ITS will develop a plan to implement a stronger access control.	Corey Quinn, Chief of Technology/Operations	Complete	Per discussion with Bryan Homayouni, Manager of Traffic Operations, a stronger access control mechanism has been installed on all roadside equipment.	12/31/16	Concur
7. Log Configuration: Improvement opportunities exist surrounding aggregation and correlation of logs for equipment in the ITS network.	7. Deploy a log aggregation tool to the environment.	Concur	ITS will research the feasibility of including this functionality into the current logging system "What's up Gold". Update July 21, 2015: Research complete. Implementation of Secure Information and Event Management solution pending upcoming organizational changes.	Corey Quinn, Chief of Technology/Operations	In Progress (Past Due)	Per discussion with Bryan Homayouni, Manager of Traffic Operations, IT is in process of making improvements to the logging process. Therefore, additional time is required to complete the action plan.	Original: 6/30/15 Revised: 12/31/15 Revised: 6/30/16 Revised: 3/31/17 Revised: 11/30/17	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 January 15, 2017	Testing Results	Due Date	IA Evaluation of Management's Status
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 amounts 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.	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.	Concur	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	Complete	Per discussion with Claude Miller, Director of Maintenance, and Carrie Baker, Contract Support Specialist, the Asset Maintenance/Routine Inspection Monthly Subcontractor Status Report was created and sent out to prime contractors. It obtained the January 2016 Monthly Subcontractor Status Report from Jorgensen Contract Services, LLC, and noted through inspection that the Report tracks subcontractors used, M/W/DBE status, total anticipated expenditures, actual expenditures, length of sublet, and amount and percentage paid to date for each subcontractor. Per discussion with Carrie Baker, Contract Support Specialist, the Status Report is reviewed by the Contract Specialist for compliance with Subcontractor Approval policies. Per discussion with Claude Miller, Director of Maintenance, the Director of Maintenance reviews the report for reasonableness of expenditures, and notes that the contractor is required to request Board approval if expenditures approach the \$25,000 limit. In the event that expenditures exceed the \$25,000 limit and the subcontractor has not previously notified the Contract Support Specialist or the Director of Maintenance, CFX will immediately request Board approval prior to payment. IA noted per inspection of the Status Report that two subcontractors were noted as missing approval. IA obtained the Request for Authorization to Sublet Services for Dye Tech International and MK Guardrail, Inc., the last outstanding subcontractor approvals.	Original: 2/1/2016 Revised: 4/1/16 Revised: 12/31/16	Concur
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.								

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 January 15, 2017	Testing Results	Due Date	IA Evaluation of Management's Status
Based on Transportation Infrastructure Finance and Innovation Act (TIFIA) loan funding, 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 flight of Way data, including the flight of Way Committee minutes, flight 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 specific owner to review and verify the completeness and accuracy of the data, including TIFIA data, before it is included in the monthly TIFIA reports. Additionally, there is an opportunity to centralize flight of Way activity into one spreadsheet or database in order to minimize (or eliminate) the maintenance and monitoring of multiple sources of information.	Circular	Initially, each flight of Way outside counsel or responsible party within the Authority will confirm the amounts paid in the cumulative payments column of the monthly TIFIA reports to the Authority. If the amounts are not correct, 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 Carfile, Director of Accounting and Finance	Complete	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 Mike Carfile, Director of Accounting and Finance, the Authority will review the TIFIA reports for reason costs, CFX parcels, the contents of the Shuts & Bowen report and Miscellaneous amounts paid in the cumulative payments columns of each monthly TIFIA report. If actual discrepancies are resolved through discussion with legal counsel or each firm/responsible party as needed. Additional review considerations are documented in the TIFIA Project Status Report. Internal Audit obtained e-mails between Michael Carfile, Director of Accounting and Finance, and Linda Lanosa, evidencing review of each monthly TIFIA report, and obtained the TIFIA Project Status Report Verification Steps checklist as evidence of procedures performed by Accounting. Once comments or changes are incorporated, the report is provided to Scott Bear, CH2M Hill Consultant.	Original: 8/7/15 Revised: 1/31/17	Circular

Toll Revenue Audit
March 2016 Recommendations
Status of Recommendations

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at January 15, 2017	Testing Results	Due Date	IA Evaluation of Management's Status
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. 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.	We recommend that the Authority purchase new surveillance equipment that is compatible with its current operating system and allows for 30 days 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.	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 (Past Due)	Per discussion with Fred Nieves, Manager of E-PASS & Plaza Operations, and Mamoud Hq, Information Security Manager, 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 at the end of spring or early summer, so the due date was revised to accommodate the current project plan.	Original: 12/31/16 Revised: 3/31/17 Revised: 7/31/17	Concur

**Public Records Review
January 2017 Recommendations
Status of Recommendations**

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at January 15, 2017	Testing Results	Due Date	IA Evaluation of Management's Status
CFX has a records management policy in place and a records management plan, which was created in 2011 by a third-party consultant to provide long-term, forward-looking guidelines and recommendations for governing CFX's records management program. The CFX records management policy contains portions of the records management plan. CFX does not have a records management procedural document that provides the detailed records management practices that are currently in place. Policies should contain clear, simple statements of how an organization or entity intends to conduct its operations and provide a set of guiding principles to help management with decision making, while procedures should help govern the actions necessary to fulfill the organization's policies for operations. Procedures containing an appropriate level of detail can help reduce misunderstanding and increase distribution of pertinent information to those involved in the process.	CFX should consider revising the records management policy to clearly state the direction of the Records Management function and create separate "desktop" procedures that clearly define and document key aspects of CFX's records management activities that are currently in place, including, but not limited to the following: - Record Coordinator procedures by department - Frequently used GDS/SL retention schedules by department and any departures from the GDS/SL retention schedule for specific records - Records of deleted records for off-site storage of records - Public records request tracking and quality control review process - Use of the records management database and email search tool for public records requests - Exemptions to public records law that are frequently used and/or relevant to CFX's business - Examples of confidential information that should not be disclosed in response to a public records request - Methods for electronic records retention - Preservation process for permanent public records - Public records destruction process	Concur	CFX will develop a revised policy and desktop procedures based on the recommendations in this report and the new records management plan from the third-party consultant.	Michelle Malkisch, Chief of Staff	In Progress	Per discussion with Michelle Malkisch, Chief of Staff, policies and desktop procedures are currently under development and are expected to be completed by the due date.	Policy revision - 6/30/17 Desktop procedures - 6/30/18	Concur
CFX policy requires that all employees complete an annual public records training, which is currently accomplished in conjunction with Ethics and Sunshine law training provided by the CFX Legal department. The Manager of Public Records receives additional training to ensure the employee has the appropriate knowledge and skills to serve as the Records Management Liaison Officer. In addition, CFX selects Record Coordinators within each department to work with the Manager of Public Records to ensure departmental public records are managed in compliance with Florida Public Records Law. The Record Coordinators perform a key role in the organization's public records management processes. However, specialized training for Record Coordinators is not in place.	Management should implement an annual public records management training program for the Record Coordinator role. The training should include the following, at a minimum: - Internal processes and expectations for Record Coordinators - Application of Florida Public Records law to accomplish assigned responsibilities - Exemptions and confidential information per Florida Public Records Law as applicable to the individual departments - Upcoming public records related projects - Opportunities to discuss challenges and questions related to the Record Coordinator role	Concur	CFX will develop a formalized training process for the Record Coordinators with the assistance of the records management consultant. Training will be in addition to the basic public records training for all employees and will include detail specific to their role and responsibilities as Record Coordinators.	Michelle Malkisch, Chief of Staff	In Progress	Per discussion with Michelle Malkisch, Chief of Staff, the formalized training process for Record Coordinators is currently under development and is expected to be implemented by the due date.	12/31/17	Concur
Although CFX's IT department built a custom Access Database for the Records Management department to store and retrieve location data for hard copy public records, it is no longer supported or maintained by the IT department (although it is stored on the Network File Share and subject to normal backup processes). Due to this, the Records Management department, the users of the database, have experienced issues and errors accessing the information contained within the database including: - Reliance on web search results in order to troubleshoot problems with the database. - Orphaned data that points to records that no longer exist, or have already been destroyed. - Data integrity issues, such as the incorrect modification of the retention schedule of all records (which was changed to "retain permanently" for all documents). - Unnecessary custom queries, tables, and search forms built approximately 10 years ago that affect the user interface and performance of the Access Database.	CFX should consider migrating the current Access Database to a records management tool designed for this purpose. The selected tool should be provisioned and managed by the IT department, and should include a user-friendly interface, such as a web-based front end application to allow the Records Management department to access the information needed to fulfill public records requests. CFX should also consider contacting the off-site storage vendor to determine if they have a records management tool that can be leveraged to query, retrieve, and maintain records.	Concur	CFX will research solutions to replace the records management database and will include the procurement of a new database in the budget for next fiscal year.	Michelle Malkisch, Chief of Staff Corey Quinn, Chief of Technology/Operations	In Progress	Per discussion with Corey Quinn, Chief of Technology/Operations, research for solutions to replace the records management database is ongoing. CFX is currently attempting to leverage systems already in place, but turnover within the IT department may delay the project. Michelle Malkisch, Chief of Staff, was added to the IT Steering Committee and is currently attempting to hire a new staff member within IT to support the records management database.	6/30/18	Concur

**Public Records Review
January 2017 Recommendations
Status of Recommendations**

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at January 15, 2017	Testing Results	Due Date	IA Evaluation of Management's Status
CFX utilizes the Smartch application to collect and store text messages sent to or from CFX cellular telephones. Due to the configuration of Apple devices, any text message sent between two Apple devices (e.g. iPhone to iPhone), whether the message is between two CFX employees or between CFX and an external agency is not captured in the Smartch application. This is due to the manner in which the Message communication platform was designed by Apple. Once the issue of record retention specific to Apple device messaging was identified, CFX's IT department quickly escalated the concern with the Smartch application vendor. The solution provided by Smartch included turning off the Message feature on each enrolled Apple device so that messages are forced to use Short Message Service (SMS) or Multimedia Messaging Service (MMS) instead of Message. The request to make this configuration change has been distributed to CFX's user base, and at the time of the audit, was completed for all iPhone sales within the environment.	Management should update user procedures for CFX connected devices to include the requirement to keep Message turned off. Management should also enhance the current mobile phone provisioning process and related procedures to include a step for turning off Message on Apple devices before they are issued to the user. Management should consider the following options to monitor compliance with the procedures and ensure collection of text message records: 1. Develop and implement a procedure to review user settings on enrolled Apple devices. 2. Develop and implement a procedure to review user settings on enrolled Android devices. 3. Implement a mobile device management (MDM) tool to automate the control process.	Concur	Management is completely confident that due to the redundancy of safeguards currently in place that all text messages are retrievable. Notwithstanding, management agrees to implementing additional layers of safeguards.	Corey Quinn, Chief of Technology/Operations	In Progress	Per discussion with Corey Quinn, Chief of Technology/Operations, CFX removed Message capabilities from CFX devices in November 2016. The review of Vendor MDM capabilities and procedure updates are currently ongoing and are expected to be completed by the due date.	Turnoff Message capability - 11/29/16 (Complete) Procedure Updates - 6/30/17 Review Vendor MDM Capabilities - Original: 3/31/17 Revised: 11/29/17	Concur
The CFX Board is comprised of government employees and three gubernatorial appointed citizens. The gubernatorial appointed citizens serving on the CFX Board have been provided CFX electronic mail (email) addresses, which helps with record collection and retention for compliance with Florida Public Records law. However, Board members do not serve on committees, and instead appoint representatives to serve in their place. The non-government citizens serving at the Committee level have not been provided with CFX email addresses, creating greater opportunity for emails regarding agency business to be sent outside of CFX's Exchange deployment, leaving them absent from the public records files or CFX-established records retention schedules.	CFX should assign a CFX email address to each non-government Committee member and should communicate the expectation that all agency business be conducted using this email address. If this is not possible, CFX should consider requiring that any email messages related to agency business be conducted outside of a CFX email address be forwarded to a designated CFX address for collection and retention.	Concur	CFX will issue email addresses to the non-government citizens serving on the committee and will require committee members to utilize the email addresses for agency business or to forward all related emails to the address for collection and retention.	Michelle Malkisch, Chief of Staff	Complete	Per discussion with Michelle Malkisch, Chief of Staff, CFX email addresses have been issued to non-government committee members, and non-government citizens have been instructed to utilize the email addresses for CFX business or to forward all related emails to the address for collection and retention. IA obtained the Help Desk ticket requesting the creation of the e-mail addresses as well as a copy of the e-mail distributed to non-government committee members explaining the e-mail requirements and providing instructions on how to access the e-mail address.	12/31/17	Concur
To aid in tracking the movement, storage, and retrieval of paper records, when records are ready to be sent to the offsite storage vendor for retention, barcodes are issued to Record Coordinators or custodians by the Records Management Department. The Record Coordinator or custodian completes and returns a box inventory form to Records Management, which identifies the records to be stored. The Record Coordinator or custodian then labels the box contents into the records management database by barcode for record tracking and retrieval purposes. All available and issued barcodes are tracked by Records Management in Excel, but Records Management does not currently follow up on the status of barcodes where no box inventory form was returned and does not confirm receipt of the box by the offsite storage vendor. During the audit, one instance was identified in which a barcode was issued to a Record Coordinator ten months prior but could not be located in the records management database, indicating that the box inventory form was not returned to Records Management. The box was subsequently located onsite; however, inadequate tracking of barcodes, box inventory forms, and receipt of boxes by the offsite storage vendor increases the risk of undetected loss and an inability to subsequently comply with any public records request specific to those records.	To improve the tracking process of public record boxes, Records Management should perform a monthly reconciliation of the barcodes issued, box inventory forms received, and boxes received by the offsite storage vendor. CFX may consider including a barcode tracking tool in the records management database and developing reports to facilitate and formalize the tracking and reconciliation processes for records sent to the offsite vendor for storage.	Concur	CFX will implement the monthly reconciliation process as recommended.	Michelle Malkisch, Chief of Staff	Complete	Per discussion with Michelle Malkisch, Chief of Staff, a monthly reconciliation process of the barcodes issued, box inventory forms received, and boxes received by the offsite storage vendor has been implemented. Internal Audit obtained and reviewed the most recent monthly reconciliation of barcodes from the Chief of Staff as evidence of implementation.	3/31/17	Concur

**Public Records Review
January 2017 Recommendations
Status of Recommendations**

Internal Audit Observation	Internal Audit Recommendation	Management Response	Management Action Plan	Responsible Party	Management Status at January 15, 2017	Testing Results	Due Date	IA Evaluation of Management's Status
Although records retention schedule is clearly defined in policies, electronic records are not being destroyed according to the retention schedule. Currently, CFX's permanent retention records for the following digital technologies are well defined procedures or technology in place to guide destruction beyond the required retention limits: - Microsoft Exchange (electronic mail, calendar, and contacts) - SharePoint (electronic documents and other records) - Network Shared Drive (electronic documents and other records) CFX's Records Management Policy and Public Records Training are documented and establish the records retention schedule. The training states that "a public record may only be destroyed or disposed of in accordance with the retention schedule", and "after the retention period, public records that are no longer needed must be systematically disposed". Florida Administrative Code 19-24.003(1)(a) states that "Retention periods are determined by the content, nature, and purpose of records, and are set based on their legal, fiscal, administrative, and historical values, regardless of the format in which they reside or the method by which they are transmitted." This means that certain emails or text messages may need to be retained longer than others based on their content.	Review existing policies and procedures surrounding the disposition or destruction of documents to ensure they provide sufficient detail around record retention and destruction. Develop an approach to destroy records from the systems they are stored within (such as Smarsh, Exchange, SharePoint, Shared Drives, etc.) once their retention schedule has been met. To facilitate this, consider developing a method within each digital technology instance to classify records and document their associated destruction date according to the retention schedule and Authority policy. The timely destruction of public records once retention is met would help reduce electronic and manual resource requirements and associated costs to store records. In addition, public records held beyond the retention period would need to be produced in the event of a public record request. Timely destruction of records could reduce labor requirements for the discovery of items that should have been destroyed in the event of a sizeable public record request. Specific to Microsoft Exchange, CFX should consider the following actions to assist in managing email correspondence so emails can be categorized and destroyed when necessary: - Set mailbox limits that automatically delete messages after a pre-determined period of time - Restrict the creation of .pst files so that all messages reside within user's inbox (and not on their local machine) - Create a "vault" to store important email that must be kept for a certain number of days on each user's inbox, and outline the type of content within emails that would warrant the message to be placed within the "vault". This "vault" would not be subject to the automatic delete processes outlined above so that all messages that must be kept are secured and can be retrieved when necessary. CFX may consider implementing an email management tool that does the above and allows for categorization of emails by retention schedule.	Concur	CFX will establish a systematic destruction process for each type of electronic technology. The process will be documented in the policies and desktop procedures. CFX will explore email management tools available to assist with the destruction process.	Michelle Malkisch, Chief of Staff	In Progress	Per discussion with Michelle Malkisch, Chief of Staff, research into e-mail management tools available to assist with the destruction process is ongoing. The systematic destruction process is expected to be established by the due date.	6/30/18	Concur
Florida Regulation 19-24.003(1)(i) requires all destruction of public records be conducted in a manner that safeguards the interests of the state and safety, security and privacy of individuals. The current CFX process is to have a witness present during onsite or offsite destruction of public records, which helps ensure compliance with the statute. Per CFX's contract with its offsite storage vendor, the vendor must complete a Certificate of Destruction each time records are destroyed, which is to include the name of the person performing destruction and the name of the witness. However, during the audit, upon inspection of these Certificates of Destruction, the names of the people performing the destruction and the name of the witness were not consistently documented on the Certificates of Destruction submitted to CFX.	CFX should contact its offsite storage vendor and request compliance with the contract terms through timely submission of complete Certificates of Destruction. In addition, CFX should implement a consistent management review control to check the completeness of Certificates of Destruction as received to verify the information provided is in accordance with the contractual requirements.	Concur	CFX will review the contractual requirements with the offsite storage vendor and will review future certificates to ensure the person performing destruction and the name of the witness are included.	Michelle Malkisch, Chief of Staff	In Progress	Per discussion with Michelle Malkisch, Chief of Staff, the contractual requirements for the offsite storage vendors have been reviewed, and future certificates will include the person performing the destruction and the name of the witness. CFX has not conducted a destruction since the implementation of the action plan, therefore evidence was not available at the time of the follow-up meeting. IA will obtain certificates of the next destruction performed by CFX as evidence of implementation.	3/31/17	Concur

Procurement and Contract Billing Audit

FISCAL 2017 CONTRACT AUDITS

February 2017

CENTRAL
FLORIDA
EXPRESSWAY
AUTHORITY

TABLE OF CONTENTS

Section	Page
Executive Summary	3 - 4
Summary of Audit Procedures Performed and Results	5
Detailed Observations	6 – 9
Appendix A – Detailed Audit Procedures Performed	11 – 13

EXECUTIVE SUMMARY

Overview / Objectives / Scope and Approach

Overview

In accordance with the 2017 Internal Audit Plan, Internal Audit audited three (3) contracts with a combined contract value exceeding \$53,967,000 from a population of currently active, large engineering, service, maintenance, operations, and construction projects.

Objectives

The objectives of this audit were to (1) audit the accuracy of items billed to CFX in accordance with contract terms and conditions, and (2) identify and test key processes and controls related to contract bidding and execution, budgeting, billing, project oversight, reporting, and supplemental agreement management.

Project Scope and Approach

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

Phase I – Contract Analysis and Selection

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

1. **Superior Construction Company, Southeast LLC (#001061)** – Contract for construction of S.R. 429 (Wekiva Parkway) from north of Ponkan Road to north of Kelly Park Road. This contract began in August 2015 and has a current contract value of approximately \$46.6 million. Per CFX's accounting system (Eden), expenditures to date at the time of this audit totaled approximately \$27.9 million.
2. **WBQ Design & Engineering, Inc. (#000817)** – Contract for miscellaneous design consulting services related to highway and bridge design, traffic engineering studies, intelligent transportation systems analysis and design, signing, pavement marking and channelization, soil exploration, geotechnical lab testing, foundation studies, and architecture. This contract began in December 2011 and has a current contract value of approximately \$6.6 million. Per Eden, expenditures to date at the time of this audit totaled approximately \$5.3 million.
3. **Precision Contracting Services (#000990)** – Contract for maintenance of CFX's fiber optic network, both current structures and future expansions. Services provided include network troubleshooting, repairs, remote monitoring and diagnostics, field investigation of OSP Issues, equipment and cable OSP procurement and installation, and change control. This contract began in March 2017 and has a total contract value of approximately \$725,000. Per Eden, expenditures to date at the time of this audit totaled approximately \$382,000.

Continued on the following page.

EXECUTIVE SUMMARY

Overview / Objectives / Scope and Approach (continued)

Phase II – Processes and Controls Review

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

In August 2016, Internal Audit completed a review open prior year Contracts Audit recommendations and verified that all have been incorporated into practice and policy, with the exception of the implementation of a "Subcontractor Status Report" which is scheduled for completion in early 2017. Prior year observations were also considered and incorporated into this year's Contracts Audit approach to verify that prior years findings were resolved and are not prevalent in the contracts selected for fiscal year 2017 Contracts Audit testing.

Phase III – Contract Specific Audit Procedures

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

Contract	Contract Value	Spend to Date [1]	Sample Tested [2]	% Spend Tested
Superior Construction Company, Southeast LLC	\$46,593,297	\$27,860,478	\$ 11,976,406 [3]	43%
WBQ Design & Engineering, Inc.	\$6,650,000	\$5,302,868	\$ 2,972,673	56%
Precision Contracting Services	\$724,590	\$381,696	\$ 173,143	45%

[1] As of September 6, 2016

[2] Invoices were selected for testing using judgmental sampling. A detail of all invoices paid to date was obtained and analyzed on a month over month basis to select samples for testing. The invoices selected were tested for compliance with contract terms and conditions.

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

Phase IV – Reporting and Deliverables

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

SUMMARY OF PROCEDURES PERFORMED AND RESULTS

Process Areas / Procedures / Controls Tested

For the contracts selected for audit, Internal Audit identified risks and tested key controls within the process areas outlined below. Where applicable, a sample of detailed project costs was reviewed and tested for compliance with contract terms and conditions. The table below provides an overview of the areas reviewed for each contract audit. Further detail related to the specific procedures performed is provided in Appendix A.

Process	Procedures Performed / Key Areas Reviewed	Total Controls Tested	Number of Observations	Observation Reference
Procurement	Project funding and bid authorization, project bidding (sealed bids and competitive sealed proposals), bid awards, bid bond requirements, and contract renewals.	25	0	N/A
Contract Administration	Contract terms and conditions, insurance, bond and permitting requirements, and minority and women owned business ("MWBE") requirements.	10	2	1, 2
Project & Cost Management	Invoice processing, project planning, scheduling, quality control, subcontract management, cost management, owner direct material purchases ("ODMP") management, and project reporting.	36	0	N/A
Supplemental Agreement Management	Supplemental agreement review, approval, and execution.	9	0	N/A
TOTALS:		80	2	

DETAILED OBSERVATIONS

Observation 1 – Payment to Ineligible Subcontractors

Relative Priority

Medium

Contract(s): Superior Construction Co.

Observation

The construction of S.R. 429 (Wekiva Parkway) is being financed with a Federal loan, with requirements to follow Federal guidelines for including specific costs incurred by Disadvantaged Business Enterprise (DBE) firms. As a result, Superior Construction Co. was required by Section 8 "Disadvantaged Business Enterprise" of the executed contract to have an approved DBE Affirmative Action Program Plan filed with CFX and also have a plan to use DBE Certified subcontractors.

Superior Construction Co. initially listed one of the subcontractors, RWH Construction, Inc. a DBE subcontractor, and charged costs as such on five invoices. It was later determined that RWH Construction, Inc. was removed from the DBE listing due to an ineligible status with the Federal Highway Administration (FHWA). This was appropriately noted by the CEI (GAI) and CFX, and new control procedures were implemented by the CEI to verify eligibility for future subcontractor selections for this Project. However, the incorrect classification of RWH Construction, Inc. as a DBE contractor resulted in the inability to pay \$73,856.48 (total amount paid to RWH) of project costs using Federal funds.

Recommendation

CFX should implement a subcontractor compliance checklist similar to the one implemented by the CEI on this project to be utilized in a similar fashion on all future federally funded projects. A listing of authorized subcontractors should be included in the checklist and the checklist should be used to track the approval of subcontractors. Additionally, the checklist should detail mandatory criteria to be met by the subcontractor regarding eligibility requirements with the FHWA, EEO, DBE eligibility, etc.

Contract Administration

DETAILED OBSERVATIONS

Observation 1 – Payment to Ineligible Subcontractors

Relative Priority Medium	Contract(s): Superior Construction Co.
	<u>Management Response</u> RWH was identified to be a disqualified contractor with the FHWA during a review of DBE eligibility with FDOT that was performed in August 2016 (prior to the Protiviti audit.) This was after RWH Construction had completed \$93,313.02 of work on the project. As a result of the review, it was determined that the FDOT listing of approved DBE Contractors includes contractors that have been disbarred or suspended according with the FHWA. Immediately after discovering that this was the case with RWH, CFX consulted the FHWA for the appropriate course of action. The FHWA and CFX agreed that moving forward there would not be any new subcontracts with RWH on the Wekiva projects, however, RWH was allowed to complete the work subcontracted for the Superior and Prince projects. However, none of the work completed would be eligible for reimbursement by the Federal TIFIA loan. Prior to this determination, CFX CEI's were approving subcontractors based solely on the UPC DBE Directory on the FDOT website. Upon realization that the FDOT site did not consider the FHWA list, CFX implemented an enhanced approval process that required verification of subcontractors with five different web sites to confirm contractor status for Federally Funded Contracts.
Contract Administration	<u>Management Action Plan</u> As previously mentioned, CFX has implemented a new, more robust contractor status approval process for any federally funded projects. This was put into place as of August 29, 2016. No further action is required.
	<u>Action Plan Owner / Due Date</u> Not Applicable – Management Action Plan Complete

DETAILED OBSERVATIONS

Observation 2 – Contractor Compliance with Insurance Requirements

Contract(s): Precision Contracting Services, Inc.

Relative Priority

Low

Observation

The Precision Contracting Services, Inc. (Precision) contract states that all insurance companies used by the Contractor should have been in business for at least five years and have A.M. Best financial ratings of at least A- (excellent) and a financial size category rating of XII (\$1 Billion to \$1.25 Billion in policyholder surplus funds) or higher.

Precision used three separate insurance carriers over the life of the contract for commercial liability, business automobile liability, worker's compensation coverages, and unemployment insurance. Two of the insurance carriers, Amerisure Insurance Co. and Amerisure Mutual Insurance Co., maintained a financial rating of A- or better; however, their financial size category was only XI (\$750 Million to \$1 Billion in policyholder surplus funds) which is below the size required per the contract.

As a result of observations from the contracts audit in FY 2016, CFX implemented a new insurance compliance review for all insurance renewals for current and future projects to verify credit ratings and financial size category requirements; however, the Precision contract was executed prior to the implementation of the new insurance compliance review.

Recommendation

In addition to the renewal monitoring process currently in place as a result of the FY 2016 contracts audit, CFX should implement a retrospective review of the A.M. Best Ratings and financial size categories for insurance carriers currently utilized by vendors for all active construction and maintenance contracts when new insurance certificates are submitted for review. The review should include researching historical financial ratings and sizes for each insurance carrier to assess current compliance with contract requirements.

Management Response

Management concurs with the observation.

DETAILED OBSERVATIONS

Observation 2 – Contractor Compliance with Insurance Requirements

Relative Priority

Low

Contract(s): Precision Contracting Services, Inc.

Management Action Plan

CFX will perform a retrospective review of the A.M. Best Ratings and financial size categories for insurance carriers currently utilized by vendors for all active construction and maintenance contracts retroactive to July 1, 2016. CFX will also perform a review when new insurance certificates are submitted for review.

Action Plan Owner / Due Date

Aneth Williams, Director of Procurement / December 2017

Contract Administration

APPENDIX A

Detailed Audit Procedures Performed

APPENDIX A

Detailed Audit Procedures Performed

Procurement

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

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

APPENDIX A

Detailed Audit Procedures Performed

Contract Administration

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

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

Supplemental Agreement Management

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

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

Continued on the following page...

APPENDIX A

Detailed Audit Procedures Performed

Project & Cost Management

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

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

Face the Future with Confidence

© 2017 Protiviti Inc., An Equal Opportunity Employer M/F/Disability/Veterans, Protiviti is not licensed or registered as a public accounting firm and does not issue opinions on financial statements or offer attestation services. All registered trademarks are the property of their respective owners.

protiviti®

Call Center Staffing Model Development

INTERNAL MEMORANDUM

SUBJECT: CENTRAL FLORIDA EXPRESSWAY AUTHORITY
CALL CENTER STAFFING MODEL ASSISTANCE

DATE: MARCH 14, 2017

Background and Objectives:

As outlined in the 2017 Internal Audit plan, the Central Florida Expressway Authority ("CFX") requested that Protiviti, through partnership with its customer call center subject matter expert, assist with an independent analysis of its call center staffing model used to forecast agent staffing needs to match call volume patterns. This request was in part driven by CFX seeking to proactively manage a request from EGIS, its third party, outsourced call center vendor, to hire additional agents to cover increased call volumes and to maintain service levels within established targets. As part of this project, CFX sought to better understand requests from EGIS to hire additional agents, and requested guidance with selecting a technology product to help it proactively manage agent scheduling and forecasting into the future.

Scope, Approach, and Results

During the time period time period of August 2016 through December 2016, a Protiviti supported CFX with the following activities.

1. Pre-procurement advisory services specific to the acquisition of the Monet system, the technology package selected by CFX to manage agent staffing and forecasting within its customer call center. Specific to pre-procurement advisory services, Protiviti performed the following:
 - Provided advice and guidance to CFX during the procurement of Monet. More specifically, Protiviti provided input on the functionality and ability of the Monet package to meet CFX's staffing and forecasting management needs.
 - Read the Monet proposal and provided input to CFX for points to consider.
 - Provided guidance to CFX on needs and opportunities in advance of the implementation of Monet, including reporting elements and other enhancements. Specifically, Protiviti provided guidance around which components of the Monet platform to acquire to help CFX meet its business needs. Ultimately, CFX elected to add a performance metrics component to the initially proposed scope. The performance metrics component allows for more detailed reporting to help manage the center.
 - Provided input on skill requirements for potential candidates for an open Business Analyst position to support the new Monet scheduling software.
2. Post-procurement of the Monet software package, Protiviti supported CFX through the implementation of Monet by performing the following:
 - Provided subject matter guidance and assistance to advise on use and knowledge transfer.
 - Participated in design meetings with CFX and Monet.
 - Participated in vendor training and supported CFX throughout the process to verify that the training provided by Monet addressed CFX's needs for effective handover and management of the new solution.

Reporting and Deliverables

No deliverables were prepared or provided as a result of this work and the advisory services provided to CFX. At the completion of the procedures outlined, this memo summarizing the assistance provided has been prepared.

Vendor Security Review

Executive Summary of the 2017 Vendor Security Review

Central Florida Expressway Authority

September 2016

2017 Vendor Security Review



Table of Contents

I. Executive Summary	1
----------------------------	---

2017 Vendor Security Review

I. Executive Summary

Background

During the period between August 1 to September 2, 2016, Internal Audit ("IA") performed a Vendor Security Review for the Central Florida Expressway Authority ("CFX"). This is the first review of vendor security that IA has conducted at CFX. The review focused on vendor IT connections entering the CFX environment and vendor systems within the CFX environment. CFX vendors play an important role as they perform a variety of critical duties including database management, web development, Intelligent Transportation Systems ("ITS") hardware maintenance, fiber optic network support, engineering, marketing, toll operations and more. The CFX and ITS environments share network equipment that allows communication between the networks, though each is a distinct environment. Though both utilize vendors, the CFX IT environment is larger, making up approximately 90% of the IT systems within CFX. ITS comprises approximately 10% of the IT systems within CFX, and is the area to which vendors connect to maintain systems on the roadways, or systems that support roadway systems.

Scope and Approach

The focus of this review had two (2) primary components. First, IA reviewed vendor IT connections coming into the CFX environment, and second, IA reviewed security configurations of vendor systems within the CFX environment. Specific steps to accomplish these objectives are described here:

- To assess vendor connections into the CFX environment, IA:
 - Established an inventory of vendors with whom CFX exchanges data. In so doing, IA confirmed relevant attributes about each connection, including:
 - The type of connection used (e.g., web URL, Secure File Transfer protocol (SFTP), hosted portal, system-to-system connectivity, etc.)
 - The nature and volume of the data exchanged
 - Identified the appropriate CFX business owner for each connection and discussed the security processes and controls in place to protect data in transit and once it arrived at its destination.
 - Executed specific procedures to test the security controls in place including:
 - Security of the connection
 - Access controls
 - Logging and monitoring
- To assess vendors systems within the CFX environment, IA:
 - Established an inventory of vendors that have placed systems within the CFX environment
 - Identified the appropriate CFX business owner for each vendor system (or group of systems) that exists within the CFX environment and discussed the security processes and controls in place to protect data on those systems.
 - Executed specific procedures to validate the design and operating effectiveness of the security controls in place including
 - System configurations (system hardening, operating system patching, software updates)

2017 Vendor Security Review

- Access controls
- Logging and monitoring

In order to accomplish this review, Internal Audit:

- Interviewed key personnel (i.e. CFX Security Manager, ITS Domain Administrator, IT Administrators)
- Performed a Risk Analysis of vendors in the environment to determine which to sample
- Performed a sample-based review of high-risk vendor access
- Reviewed documentation associated with the vendor access request, authorization, and approval process
- Performed walkthroughs of CFX access control systems (i.e. Active Directory, Juniper Radius, and the WatchGuard Firewall)
- Reviewed system configurations for a sample of vendor systems (or systems to which vendors had access)
- Obtained an understanding of how vendor access is provisioned, controlled, and monitored

The vendor systems and connections assessed as part of this review are:

- Transcore – Manages databases and servers in the environment
- Atkins – Manages and maintains systems within the ITS environment
- Kapsch – Manages and maintains systems within the ITS environment
- Evolve – Manages and maintains websites within the CFX environment
- Carousel – Provides support for network infrastructure in the CFX environment
- Aecom – Collects cash tolls for CFX on the roadways

Summary of Findings

As a result of this review, Internal Audit identified six (6) observations specific to the ITS environment that should be addressed in order to strengthen the overall security of vendor IT connections that come into CFX's ITS environment and the security configurations on vendor systems that exist within the CFX ITS environment (no observations were identified within the CFX IT environment). The observations are grouped into the following three (3) high-level topics:

- Vendor Access and Privileges
- Vulnerability Management
- System Configuration Settings

2017 Vendor Security Review

Recommendations

The following high-level recommendations should be considered in order to address the topics above:

- Review Vendor Access and Privileges
- Require Formal Vulnerability Management Processes
- Enhance System Configuration Settings

Status of Completion

As of the time of this report, five of the six observations have been remediated.