

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

Central Florida Expressway Authority

Prior Audit Recommendations Follow-Up March 31, 2015

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Executive Summary

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

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

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

This review was completed on March 31, 2015, and consisted of meetings with management to determine the status of open audit recommendations and performing testing of management's response, status, and explanation for all recommendations deemed "Completed" or "In Process." If a recommendation was noted "Not Done," no testing was performed by Internal Audit. In addition, only those recommendations that remained open at the time of the last review have been included in this report. If a recommendation was completed as of September 15, 2014, no further work was performed and the recommendation was not included for review in this report.

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

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

Recommendations Summary

Audit	Open as of September 15, 2014	New Recommendations	Completed Since September 15, 2014	In Progress / Not Done as of March 31, 2015*	Past Due
2010 Ethics Audit	1	0	0	1	1
2010 Contracts Audit	1	0	0	1	1
2012 Right of Way Audit	1	0	0	1	1
2012 Toll Violations Audit	1	0	0	1	1
2013 Contracts Audit	1	0	0	1	1
2013 Toll Revenue Audit	1	0	0	1	0
2014 Maintenance & Safety Plan	2	0	0	2	1
Total	8	0	0	8	6

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

Ethics Audit
June 2010 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at March 31, 2015	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
<p>5. Mission, Vision, and Core Values The existing vision and mission statements of the Authority do not reference ethics, core values or integrity to help make ethical values and standards integral to all company operations and planning. Ethical standards should be integral to the organization and not simply an "add on" to be considered after important decisions have been made.</p>	Concur	In Progress (Past Due)	<p>The Authority has done many things to improve the ethical standards of the organization. The Ethics Policy has been strengthened by the Board in the past two years and has been added to the Authority's web site. Board members and staff receive regular ethics training in accordance with the Ethics Policy and a hotline has been set up so that anyone can anonymously report an ethics violation. All non-payroll checks are posted to the Authority's website. Ethics standards are an integral part of the organization.</p> <p>The Board will consider ethics references in the vision and mission statements through the master plan development process over the next twelve months.</p>	<p>Per discussion with Laura Kelley, Deputy Executive Director, the ethics recommendation is expected to be addressed in the master plan update, which will be completed by the end of 2015.</p>	<p>Original: 8/31/10</p> <p>Revised: 7/31/12</p> <p>Revised: 12/31/13</p> <p>Revised: 12/31/14</p> <p>Revised: 12/31/15</p> <p>Revised: 3/31/16</p>	Concur

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

Internal Audit Recommendation	Management Response	Management Status at March 31, 2015	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
<p>7 b) The Authority should utilize CSC Manager and CSC Supervisor passwords, rather than PINs, to approve adjustment transactions in TRIMS (passwords are required to be changed on a regular basis by the system).</p>	Concur	b) In Progress (Past Due)	<p>b) The change to a password based approval key would be a fairly significant change to the existing system. The current system is currently being reviewed for back office consolidation with Florida's other toll agencies. Making these changes now may be waste of valuable IT resources if the current system were to be disposed of in the near term. The Authority will make this requirement a part of the back office consolidation effort currently underway.</p>	<p>Per discussion with Joann Chizlett, Director of IT, this change to a password based approval key will be part of the Centralized Customer Service System (CCSS) project. As part of the CCSS project, the TRIMS system will be eliminated and a new system will be introduced. This recommendation will be incorporated into the new system.</p> <p>Per discussion with David Wynne, the CCSS project is currently in the procurement stage but has been delayed. Currently, the CCSS project is expected to go live by January 2017. As a result, this recommendation has not been fully implemented and is pending the completion of the CCSS project.</p>	<p>Original: 12/31/13</p> <p>Revised: 12/31/15</p> <p>Revised: 01/31/17</p>	Concur

**Right of Way Audit
February 2012 Recommendations
Status of Recommendations**

Internal Audit Recommendation	Management Response	Management Status at March 31, 2015	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
<p>1. Recordkeeping: Completeness and Retention: (A) Management should update the policy to accurately reflect a comprehensive list of all documentation that management believes should be maintained onsite. Additionally, checklists should be created and continually updated to help management verify completeness of records and files for each acquired parcel within a given project. (B) Management should determine an appropriate timeline after a parcel case is closed by which to receive (or request if applicable) all pertinent case documents from external legal counsel. (C) The file custodian should create a complete master listing of all parcels to be acquired as determined at the beginning of a new construction project. This master list should be updated to reflect any files closed during the project that did not culminate in an acquisition and be described by a related closing memo.</p>	Concur	In Progress (Past Due)	<p>Completeness of files and timeliness of receipt is an important part of Chapter 119 compliance. Consistency of record keeping is also important to ensure that the public and the Authority have access to key information related to property acquisition.</p> <p>Management will update the Property Acquisition and Disposition Procedures manual to reflect the desired list of documentation and the timeframe for provision of the same. Management will work with outside counsel to create appropriate checklists and incorporate them into the files. Management will review the current purpose and usage of the electronic database and determine if any changes are warranted.</p>	<p>Per discussion with Laura Kelley, Deputy Executive Director, due to employee turnover the Property Acquisitions and Dispositions Procedures checklists have been not appropriately implemented by the Right of Way Councils. The final implementation steps have been assigned to Linda Lanosa, Deputy General Counsel, and it has been communicated to Right of Way Councils to carry out the recommendations. The revised implementation date is 9/30/15.</p> <p>(A) Open - The Right of Way committee approved the changes to the Authority's Property Acquisitions & Disposition Procedures Manual regarding parcel files on 12/6/2013. Additionally, the changes were approved by the Board on 12/12/13. The following 3 checklists were created as a result of the procedure changes: 1) Real Estate Acquisition Closing Binder Checklist for Non-Litigation Parcels; 2) Real Estate Acquisition Closing Binder Checklist for Litigation Parcels; and 3) Real Estate Acquisition Closing Binder Checklist for Surplus Parcels. Per discussion with Linda Lanosa, Deputy General Counsel, the checklists and documentation requirements have been communicated to each of the three external Right of Way Councils as of May 2015 and will be implemented by the Right of Way Councils. Internal Audit will obtain an example during the next update of this recommendation.</p> <p>(B) Complete - Included in the updated manual is a timeline for the provision of the parcel documentation by the external counsel. Per the manual, the Right of Way Legal Counsel shall deliver the complete parcel file to the Authority's Records Custodian no later than 6 months from the date of final parcel activity. This deadline may only be extended upon written request to the General Counsel's office.</p> <p>(C) Open - Per discussion with Joe Passiatore, General Counsel, a complete master listing of all parcels is created by external Right of Way counsel at the beginning of a new construction project. The status of each parcel is updated by external Right of Way counsel based on progress. However, the date of exclusion and reason for exclusion are not included in the master listing for each dropped parcel. Per discussion with Linda Lanosa, Deputy General Counsel, the three external Right of Way Councils have been informed of the dropped parcel documentation requirements as of May 2015. The Right of Way Councils have agreed to utilize the appropriate checklist (see A above) to notate the date of exclusion and reason for exclusion for each dropped parcel. The Right of Way Councils will provide the parcel file, containing the notated checklist and any records or documentation for the dropped parcel, to the Authority. Internal Audit will obtain an example of a dropped parcel file and notated checklist during the next recommendation follow-up process.</p>	<p>Original: 6/30/12</p> <p>Revised: 1/1/13</p> <p>Revised: 6/30/13</p> <p>Revised: 1/1/14</p> <p>Revised: 1/1/15</p> <p>Revised: 9/30/15</p>	Concur

**Toll Violations Audit
March 2012 Recommendations
Status of Recommendations**

Internal Audit Recommendation	Management Response	Management Status at March 31, 2015	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
<p>5. Process Improvement: Management should determine if it is cost beneficial and within the business objectives of the Authority to turn over delinquent violators to a collection agency. The Authority should consider if the UTC is outstanding with the court. Additionally, the Authority should implement a policy containing a time and dollar threshold of how long a UTN or UTC violator should be outstanding before the Authority pursues collections, as well as, a dollar amount the UTN or UTC must reach prior to sending it to collections.</p>	Concur	In Progress (Past Due)	<p>The Authority will investigate enhancing its collection efforts on unpaid tolls to determine if it is cost beneficial and in the best interest of the Authority.</p> <p>Director of Toll Operations will facilitate a review of potential revenue to be collected, possible collection rates, industry practices, legal ramifications and consideration of community perception.</p>	<p>Per discussion with Dave Wynne, Director of Toll Operations, Louthan Consulting was hired by the Authority to report on industry debt collection practices. Internal Audit obtained a copy of the consultant's report and verified through inspection that it included commentary on industry debt collection practices. After thorough review of the consultant's report, the Authority determined that it was proficient at collecting its debt when compared to industry standards.</p> <p>Additionally, per David Wynne, the CCSS program is expected to go live in January 2017 and will include debt collection policies and procedures. Therefore, due to the pending consolidation, CFX has chosen not to take steps towards facilitating a review and updating Authority policies at this time.</p>	<p>Original: 1/1/13</p> <p>Revised: 3/31/13</p> <p>Revised: 1/1/14</p> <p>Revised: 12/31/15</p> <p>Revised: 1/31/17</p>	Concur

**Contracts Audit
November 2012 Recommendations
Status of Recommendations**

Internal Audit Recommendation	Management Response	Management Status at March 31, 2015	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
<p>1. A standard Project Rate/Sub-consultant Change Form should be established by the Authority. Consultants should utilize the form to submit rate and employee changes to the Authority for review and approval before changes to the rate schedule are incorporated in the billings. The standard change form should be used to create a master rate schedule to track updates to the project wage rates. The master rate schedule should be included as an attribute in the monthly checklist being recommended in Observation #6 and be kept in the project file to ensure that the most current information is accessible to the personnel performing the detailed review of the invoices prior to payment approval.</p> <p>The Authority should investigate options to include contract terms and conditions in their standard contract language (e.g. right to withhold payment without proper supporting documentation) to ensure invoices are properly supported.</p> <p>The Authority should also consider whether the itemized wage rate requirement is warranted. Setting wage rates based on job classifications instead of individual employees may increase the efficiency of the invoice review process.</p> <p>The Authority should consider performing a detailed review of the RS&H consultant billings, to determine what amount, if any, is due to or from the consultants as a result of the discrepancies in the billings. This would require the Authority to obtain detailed support for all billings submitted by the consultant and sub consultants for the project.</p>	<p align="center">Concur</p>	<p align="center">In Progress (Past Due)</p>	<p>The Authority will create a standard consultant change form and require consultants to submit wage modifications request through the form. The Authority must approve all wage modifications before changes are included in monthly billings. The Contract Support Specialist will update the rate schedule with the approved wage rate changes and create a master rate schedule.</p> <p>The Authority will evaluate the current invoice support requirement and determine if establishing wage rates based on job classification is appropriate.</p>	<p>Per discussion with Glenn Pressimone, Director of Engineering, the wage rate approval process has been implemented and consultant invoices are now reviewed for accuracy, acceptable wage rates, and contractual compliance by Jeannie Perez, Contract Support Specialist.</p> <p>Per discussion with Jeannie Perez, Contract Support Specialist, a project change form was created in the form of the Request for Addition or Promotion that must be submitted to the Authority for review and approval. The Authority maintains the original wage rate list included in the executed contract and any modifications to wage rates must be submitted through the Request for Addition or Promotion. Internal Audit obtained the Request for Addition or Promotion template and verified its existence.</p> <p>Additionally, per discussion with Jeannie Perez, Contract Support Specialist, Glenn Pressimone performed a detailed review of the RS&H consultant billings to determine if there were any amounts due to or from RS&H relating to this project. Audit obtained an invoice discrepancy analysis dated 2/18/2013 and noted a total overpayment to RS&H of \$9,625.87. Audit determined through inspection of subsequent invoices for contract 747 with RS&H that the overpayment was resolved between the parties as of invoice #17R.</p> <p>The Authority has decided to continue to pay design/engineering contractors based on actual contractor wage rates rather than by job classification. Per discussion with Glenn Pressimone, Director of Engineering, the standard contract language will be amended to include a change to the wage rate schedule located in Exhibit "C". The updated wage rate schedule will establish maximum limits for contractor wage rates by job classification. In the event that a contractor's actual wage rate billed to the Authority exceeds the maximum rate established in Exhibit "C" for his/her job classification, the contractor must obtain written approval from the Authority before the invoice will be paid. The implementation is pending a new design/engineering project.</p>	<p align="center">Original: 1/31/13</p> <p align="center">Revised: 3/31/14</p> <p align="center">Revised: 6/30/15</p>	<p align="center">Concur</p>

Toll Revenue Audit
March 2013 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at March 31, 2015	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
<p>6.</p> <p>a) The Authority should weigh the cost and the associated annual benefit of approximately \$3,400 to determine if it would be beneficial to require the third party contractor to reference the Detailed Audit Report for all proposed audit adjustments that would reduce expected toll revenue. The Detailed Audit Report should be included in the daily audit packets as evidence of the review.</p> <p>b) The Authority should also consider automating certain aspects of the Attendant's Shift Record log by integrating the unusual occurrence, violations, and insufficient fund transactions within the MLT system. This would reduce the subjectivity of the FTS auditor's interpretation of the manual ASR log.</p>	Concur	In Progress	<p>a) The Authority determined that cost outweighs the benefit of this recommendation.</p> <p>b) The Authority currently has this recommendation as a function in the planned Toll System Replacement project that is currently ongoing at this time. The Authority would expect to have the new system in place and operating by July 1, 2015</p>	<p>Per discussion with Dave Wynne, Director of Toll Operations, this recommendation will be implemented as a function in the planned Toll System Replacement (TSR) project. The RFP previously prepared by the Authority only received one bid; therefore another RFP is being prepared. Currently, the TSR project is expected to go live in at least one toll plaza by April 2016.</p>	<p>Original: 7/1/15</p> <p>Revised: 4/30/16</p>	Concur

Maintenance and Safety Plan Compliance
 April 2014 Recommendations
 Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at March 31, 2015	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
<p>1. Audit recommends that the Authority develop written "desktop" procedures that clearly document key aspects of the Authority's maintenance and inspection program, including: Internal procedures for managing and maintaining the Authority's roadways and bridges, Asset tracking, Role of third party maintenance & inspections agreements (scheduling of inspections, repairs, and replacements; outputs of preventative maintenance), Maintenance contract performance monitoring, Work order, maintenance request, and deficiency response deadlines, Incidence and Emergency Response process, and the GEC Annual Inspection process.</p>	Concur	In Progress (Past Due)	<p>The Authority will develop written procedures to document the pertinent aspects of the Authority's maintenance and inspections operations in regards to bridges, overhead structures, and roadways.</p>	<p>Per discussion with Ben Dreiling, Director of Construction & Maintenance, he has developed an outline for the written procedure document and is currently drafting the bridge inspection component of the document. The written procedures will be completed on or before the revised due date.</p>	Original: 12/31/14 Revised: 12/31/15	Concur
<p>5. Maintenance contracts should accurately reflect actual FDOT requirements for FDOT-issued work orders. Due to the associated contractual risk and opportunity for non-compliance with FDOT regulations, the Authority should consider amending the contract language in the vendor contracts to include the FDOT District 5 work order completion requirements.</p>	Concur	In Progress	<p>The Authority will coordinate maintenance contract updates to require completion of FDOT work orders in accordance with FDOT District 5 deadlines.</p>	<p>Per discussion with Ben Dreiling, the Authority is in the process of preparing the first Asset Maintenance contract renewal since completion of the audit. The Authority has drafted the new language, discussed it with the Contractor, and will be including it in the first of five individual one year renewals. Protiviti will review and validate the new contract language upon its inclusion in the upcoming contract renewal.</p>	7/1/15	Concur