

MEMORANDUM

TO:

CFX Board Members

FROM:

Jeff Tecau, Managing Director, Protiviti

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DATE:

June 26, 2017

SUBJECT:

Internal Audit Reports

Attached, please find the following 2017 Internal Audit Reports reviewed and accepted by the Audit Committee on June 22, 2017.

- 1. Purchasing Spend Data Audit
- 2. Accounting System and SOD Review
- 3. Human Resources Process Review
- 4. Business Continuity Management Review
- 5. Information Security Risk Assessment Phase I
- 6. Customer Service Center Performance Assessment
- 7. Discount / Rebate Program Audit
- 8. Fiscal 2018 Internal Audit Plan

Reviewed by:



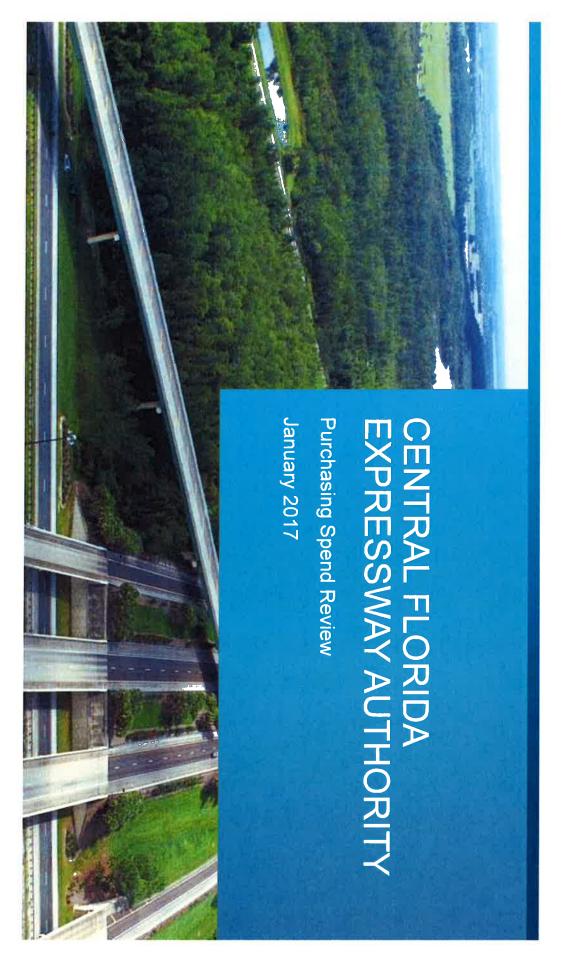


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Overview

- In accordance with the FY 2017 Internal Audit Plan, Internal Audit performed an electronic analysis of 46 months of expenditure data to improve the efficiency and effectiveness of the Procure to Pay process at the Central Florida Expressway Authority ("CFX") identify potential financial leakage and other anomalies and trends in the data that may indicate opportunities to better control fraud or
- A complete electronic data set of vendor, invoice, and payment information from the Eden financial reporting system was obtained and analyzed for the period of January 1, 2013 through October 31, 2016. The electronic data set reviewed include 19,950 payment transactions totaling approximately \$1.16 billion. As detailed in the Appendix, 64 reports were developed and analyzed to complete the review of CFX's accounts payable data.

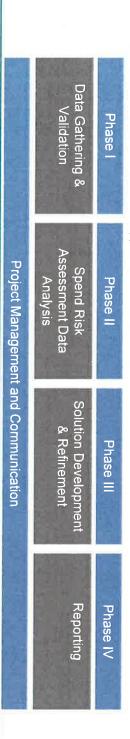


Objectives, Scope, and Approach

The key objectives of this review were to:

- Perform a detailed spend risk assessment to identify and quantify opportunities for improving the efficiency and effectiveness of the Procure to Pay process
- Evaluate the design of key activities and controls within the Procure to Pay process specific to risks highlighted by the data analysis
- Consider leading practices to highlight areas of potential improvement for CFX

Internal Audit implemented a four phased approach as described below:





Objectives, Scope, and Approach (continued)

Phase I:

that the data was properly extracted from CFX's Eden financial system to provide a complete data set Phase 1 consisted of data extraction for the sample period, loading data into Protiviti's spendrisk assessorsoftware tool, and validating

following areas were reviewed Interviews were conducted to obtain an understanding of the current state policies and procedures, key risks, and applicable controls. The

- Vendor Master File maintenance
- Invoice receipt and vouchering
- Invoice review and approval
- Disbursements processing

Phase II

potential areas of opportunity. The data analysis included identification and quantification of the following: Utilizing Protiviti's spendriskassessor tool and payment data provided by CFX, Internal Audit performed analytical procedures to identify

Employee vs. Prison Address

Employee vs. Supplier Address

Employee Payments after Termination

Duplicate Employees

- Potential duplicate invoice payments
- Potential duplicate and inactive supplier records
- Missing supplier information (Addresses and Federal Employee Identification Numbers)
- Supplier vs. Prison Address
- Supplier vs. OFAC Name/Address

Phase III

and to develop recommendations for improving the efficiency and effectiveness of the Procure to Pay process for management's consideration Internal Audit leveraged existing documentation, the results of the data analytics, and knowledge of leading practices to identify opportunities

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Objectives, Scope, and Approach (continued)

Phase IV:

Internal Audit prepared a final report to include:

- Executive summary outlining the audit objectives, approach and results
- The detailed audit findings and observations for consideration by management
- Results of the analytical procedures performed and suggestions for follow-up
- Agreed upon management action plans



Summary of Results

only two opportunities to enhance the overall procure-to-pay process were identified. See the summary of results below: was analyzed. Protiviti's spend data analysis tool identified five areas with anomalies. After further investigation and root cause analysis, An electronic data set of 19,950 payment transactions totaling approximately \$1.16 billion for the period January 1, 2013 - October 31, 2016

Accuracy of Invoice and Payment Data	Invoice Dated Prior to Purchase Order Approval	Open Purchase Orders	Vendor Master File Maintenance	Duplicate Invoices	Scope of Activity
Of the 19,950 invoices analyzed during this review, 11 invoices were identified with invoice dates subsequent to the payment date. Upon follow-up, these were attributed to invoice data entry keying errors. Actual payments were not made until after actual invoice dates.	Of the 19,950 invoices analyzed during this review, 34 invoices were dated prior to the Purchase Order approval. However, none of these 34 invoices were paid until purchase order approval was obtained.	Aged open purchase orders (POs) create exposure for circumvention of purchase approvals and an increased risk of duplicating payments to the vendor associated with the open PO. CFX should perform an annual review of aged, open POs to more fully manage those risks.	Opportunities exist to clean up the vendor master file for (1) inactive vendors not used within the past 18 months, (2) potential duplicate vendors (based on Supplier Name and Address), and (3) incomplete vendor records (missing and/or incomplete address and Federal Tax Identification Numbers).	Two duplicate payments totaling \$2,660 were identified out of 19,950 transactions analyzed during this audit. Each occurred during FY2015 and accounted for less than .00023% of total expenditures tested. The duplicate payments had been applied to subsequent invoices, therefore CFX did not experience any true leakage related to these payments. No unused vendor credits were identified during this review.	Summary of Observations
N/A	N/A	N	-	N/A	Observation #

Observation #1: Vendor Master File Maintenance

No	Observations	Risk/Implication	Recommendation	Management Action P
	Specific Vendor Master File maintenance, and	The VMF could	A well maintained vendor master	Management Action Plan:
	identified by the audit included the following:	dormant, duplicate,	and potential fraud and can increase	 CFX will update each vendor account's vendor type identifi
	As of October 31, 2016:	fraudulent supplier	processing efficiency. The following	enable management to perfor

- A. The VMF contains 1,023 active supplier records (39%) that have not been utilized within the last 18 months.
- œ Name and Address. active supplier records based on Supplier The VMF contains 32 potential duplicate
- 9 The VMF contains missing and/or **Employee Tax Identification Numbers** (FEIN) for seven active supplier records incomplete address and Federal

Root causes of these findings include the

- A. The vendor master file consists of a numbers). to be deactivated or vendors with missing effectively and efficiently analyze vendors vendor information (e.g. address and FEIN identifier is not consistently utilized, which limits CFX's ability to generate reports to vendor type identifier; however, that
- В CFX performed a quarterly review of the vendors types and the report utilized in the vendor master file in November 2016, after never had payment activity. parameters did not include vendors that review was incomplete. The report However, the review did not include all identify vendors to be deactivated the date of the data set pulled for audit, to

unapplied credits, outstanding checks, erroneous payments the potential of records, increasing (duplicate and financial leakage

- Ņ During the quarterly review of the inactivity, CFX should update the appropriate. during the review, as deemed and inactive vendors identified CFX should deactivate duplicate vendors with no invoice activity. include all vendor types and all
- ω To reduce the possibility of having missing or inaccurate vendor set-up in Eden. finalizing the new vendor account agrees to the Form W-9 prior to each vendor name and FEIN preventative control to verify that CFX should implement a

specific to the Vendor Master File:

- To aid in the quarterly review of the vendor type and the vendor type is master file. used consistently in the vendor ensure each vendors is assigned a identifier in the vendor master file to update each vendor's vendor type vendor master file, CFX should
- parameters of the report it uses to vendor master file for vendors with
- information (addresses and FEINs)

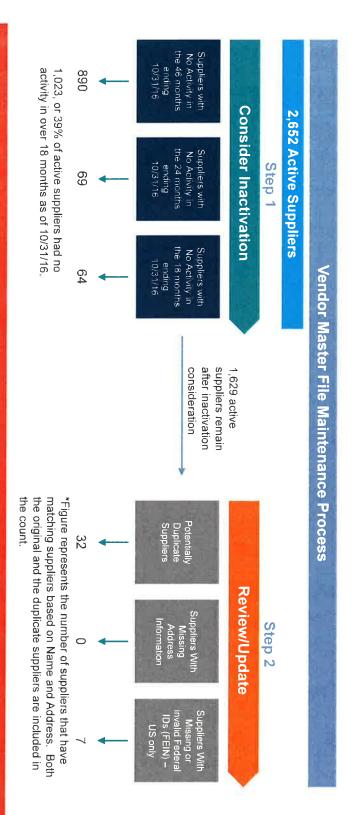
- master file. more efficient reviews of the vendor om fier to
- 2 CFX will update the vendor accoun captured in the review. Vendors ensure all vendors with no activity within the last 12 months are search parameters within Eden to deemed inactive will be deactivated
- μ CFX will implement a procedure to contracts and invoice data accounts that currently have the contracts are complete. associated with each vendor Eden. However, duplicate vendor finalizing the new vendor account in agrees to the Form W-9 prior to verify the vendor name and FEIN account can not be deactivated until

Action Plan Owner/Due Date:

Lisa Lumbard, Chief Financial Officer

- 1. Vendor type identifier: September
- Inactive vendor search: July 31,
- New vendor account verification: Upon the creation of a new vendor

Observation #1: Vendor Master File Maintenance (continued)

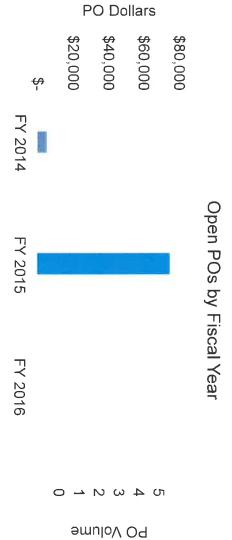


A well-controlled VMF reduces the risk of financial leakage and fraud while increasing processing efficiency.

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Observation #2: Open Purchase Orders

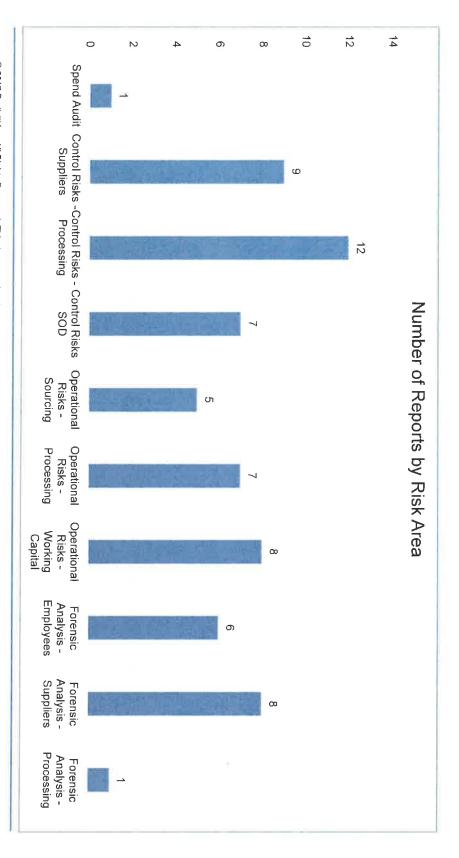
No	Observations	Risk/Implication	Recommendation	Management Action Plan
	Of the 564 open purchase orders (POs) within the Eden financial reporting system at the time of audit, six POs totaling approximately \$80,000 were aged over one year, with four of the six not having any invoice payments associated with the PO.	Aged purchase orders increase the risk of duplicating payments to vendors and the possibility of circumventing the PO approval process for products and services.	CFX should perform an annual review of open purchase orders at the end of each fiscal year to determine if open POs should be closed or carried forward into the subsequent year.	Management Action Plan: CFX will perform a review of all open purchase orders at fiscal year-end to identify POs that should be closed or



APPENDIX

APPENDIX 1 - DATA ANALYSES SUMMARY

to identify opportunities to improve the efficiency and effectiveness of purchase-to-pay process. Below is a summary of the 64 reports developed and analyzed to complete the review of CFX's accounts payable data



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APPENDIX 1 - DATA ANALYSES SUMMARY

Data Analyses Tests

Anomalies 1023 1023 11023 1 11 1 1 1 1 1 1 1 1 1 1 1 1
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-	64 Holiday Supplier Payment Activity by Supplier
	Forensic Analysis - Processing
1	63 Invalid Supplier FEIN's
85	62 Long Lag Supplier Invoices
*	61 Rising Supplier Invoice
· ·	60 Supplier vs. Payee Name
(6)	59 Supplier vs. OFAC Name and Address
	58 Supplier vs. OFAC Address
¥.	57 Supplier vs. OFAC Name
140	56 Supplier vs. Prison Address
	orensic Analysis - Suppliers
	55 Employee Payment After Termination
(4)	54 Duplicate Employees
-	53 Employee vs. Supplier Name
	52 Employee vs. Payee Name
	51 Employee vs. Supplier Address
**	50 Employee vs. Prison Address
	Forensic Analysis - Employees
	49 Early Payments By Supplier
i	48 Early Supplier Payments
ž.	Supplier
	46 Average Days to Pay
	45 Supplier Invoice Terms Analysis
	44 Late Supplier Payments
	43 Supplier Lost Discount Analysis
9	42 Supplier Missed Discount Analysis
	⊃peratio⊓al Risks - Working Capital
***	41 Multiple Supplier Payments
*	40 Supplier Payment Status Analysis
(8)	39 Supplier Payment Type Analysis
*	38 Supplier Invoices per Payment
i i	
(i	36 Supplier Payment Stratification
i.	35 Supplier Invoice Stratification
	Operational Risks - Processing
# of Anomalies	Test
The second second second	The second secon

Note: All anomalies were subsequently followed up on as part of this audit and either disposed of after further investigation or included as support for an audit recommendation.

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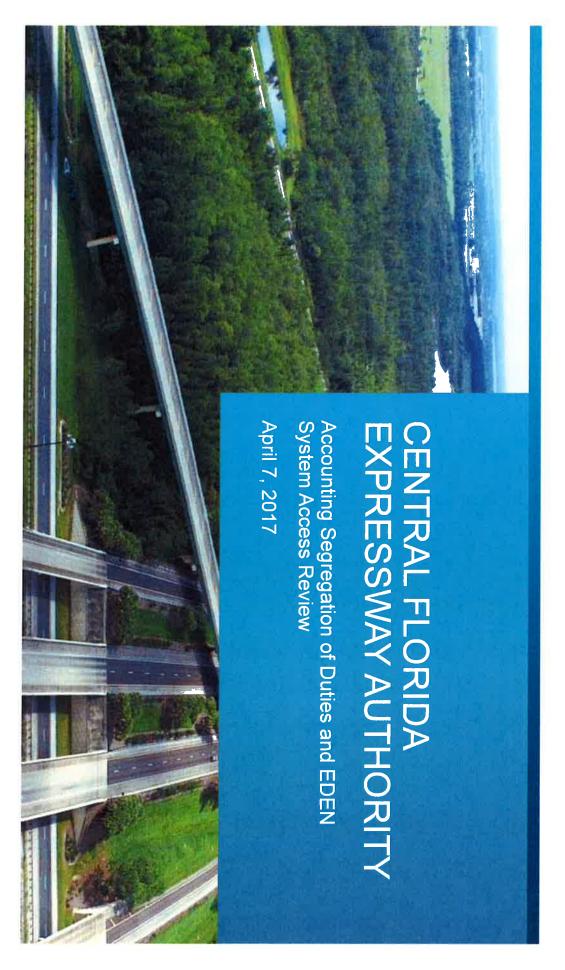


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Overview

no employee or group should be in a position both to perpetrate and to conceal errors or fraud in the normal course of their duties entry to posting. System access rights help enforce adequate segregation of duties. The basic idea underlying segregation of duties is that duties also helps mitigate the risk of users bypassing controls or prevents situations when a single user can process a transaction from processing by different individuals at various stages of a transaction and for independent reviews of the work performed. Segregation of segregation of duties reduces the likelihood that errors (intentional or unintentional) will remain undetected by providing for separate A fundamental element of internal control is the segregation of certain key duties along with supporting system access rights. Adequate

In general, the principal incompatible duties to be segregated are:

- Physical custody of assets;
- Authorization or approval of related transactions affecting those assets;
- Recording or adjusting accounting records for related transactions; and
- Execution of the transaction or transaction control activity



Objectives

review over the key accounting and finance processes and the access rights within EDEN, the financial reporting system. EDEN supports all Assets Module, and Payroll Module. accounting functions within CFX, including the General Ledger, Accounts Payable Subledger, Accounts Receivable Subledger, Capital In accordance with the FY 2017 Internal Audit Plan, as part of a five year rotational cycle, Internal Audit performed a segregation of duties

numerous personnel changes in the accounting and finance function, including a change in the Chief Financial Officer and Director of The last time a review of segregation of duties and supporting access rights was performed was in 2011. Since this time, there have been

access restrictions to support segregation of duties. The overall objectives of this audit were to review for appropriate segregation of duties among CFX personnel and appropriate system



Scope

Based on a review of the CFX FY 2016 CAFR, the following accounting and finance processes were identified for review of segregation of duties and system access rights:

- Financial Reporting
- Revenue and Accounts Receivable
- Purchasing and Payables
- Cash Management

- Investments
- Debt
- Capital Assets
- Payroll

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Summary of Approach and Results

to the General Ledger, Accounts Payable, Accounts Receivable, Capital Assets, and Payroll Modules were evaluated for all 63 users. system access rights of 51 non-accounting users within the EDEN financial reporting application. A total of 41 EDEN permissions relating Overall, Internal Audit reviewed the business process roles and access rights for 12 different accounting and finance personnel and the

the areas reviewed as part of this audit and the number of observations identified As a result of this work, one observation was identified related to role based EDEN access rights. The table below provides an overview of

		Review	EDEN Gretom Accord Dights		c	Accounting and Finance Segregation of Duties Review		Activity
 Verified administrator access rights to EDEN is limited to appropriate personnel. 	 Reviewed a sample of terminated employees to determine if EDEN access was revoked in a timely manner. 	 Reviewed the design effectiveness of controls in place for user access provisioning, modification, and termination. 	 Obtained the EDEN User Access Reports and evaluated all user access rights based on job responsibilities and appropriate segregation of duties. 	Conducted interviews with accounting personnel to determine how key accounting functions are performed within the EDEN financial package.	 For conflicts identified, reviewed existing compensating controls and evaluated the residual risk exposure and risk of fraud in order to suggest improvements, as appropriate. 	 Leveraged Protiviti-developed segregation of duties tools/matrices to identify conflicts or incompatible duties. 	 Conducted interviews with the Director of Accounting and Finance to identify personnel responsibilities within the in-scope accounting and finance processes. 	Approach
		→				0		Number of Observations

Observation 1 – EDEN User Access

Relative Priority: Low



changes made using these accounts cannot be linked to a single user There are two generic administrator accounts within the EDEN financial reporting system, "Admin" and "GoldMaster," that have unrestricted access to all EDEN modules. Generic administrator accounts present a risk to the organization as

generic accounts such as "Admin" or others. appropriateness. This review control helps mitigate the risk of unauthorized use of the generic accounts. However, as a leading practice, administrative access rights should be granted through the individual user accounts, and not through followed through the CFX IT ticketing system. The CFO also reviews any usage of the administrator accounts for The CFO performs a review of all EDEN administrative changes at month-end to ensure the appropriate process was

Recommendation

system unless a business reason for the account is identified. Management should consider deactivating the "Admin" and "GoldMaster" accounts within the EDEN financial reporting

Management Response

Management concurs.

Management Action Plan

Establishing individual accounts for EDEN personnel is not feasible. Two CFX employees have knowledge of the access is restricted. password to the "GoldMaster" account. Management will pursue a password change with EDEN so that CFX personnel The "GoldMaster" account is utilized by EDEN personnel to make administrator changes when requested by CFX.

processes and will deactivate or document a business reason for the account Management will also determine if the "Admin" account can be deactivated without negatively impacting the business

Action Plan Owner / Due Date:

Corey Quinn, Chief of Technology/Operations / 7/31/2017

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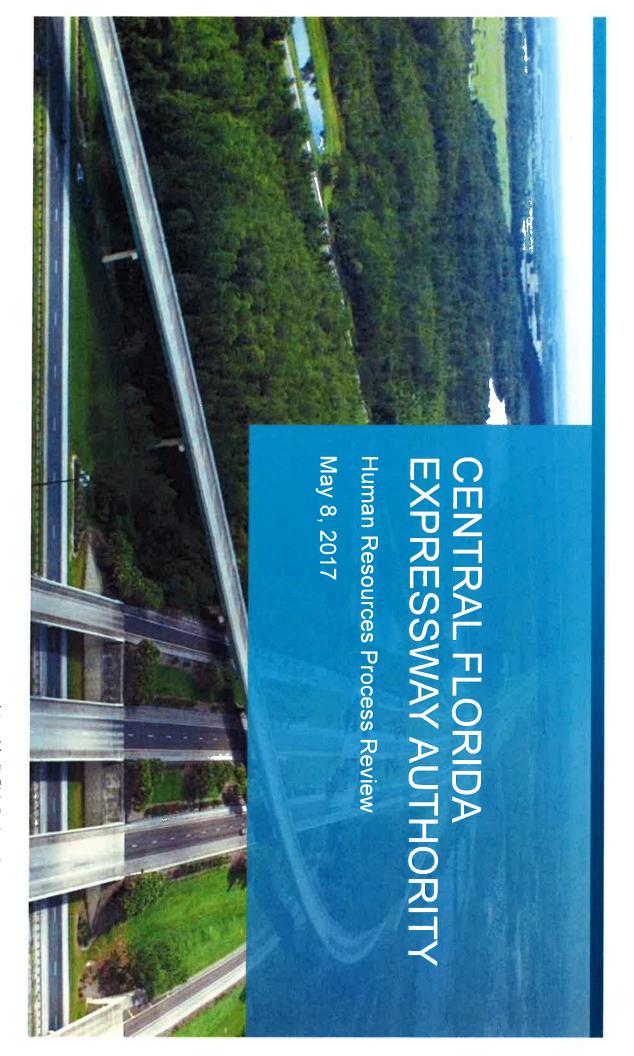


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Overview

processes, the succession planning strategy, and merit-based compensation. In accordance with the Central Florida Expressway Authority's (CFX) FY 2017 Internal Audit Plan, as part of a five year rotational cycle, Internal Audit conducted a review of the Human Resources (HR) process, policies, procedures and related internal controls around key HR

continues to adjust talent, knowledge management, and HR processes from approximately 40 personnel in 2011 to 69 personnel today, not including 9 open approved positions. As a result of these changes, CFX HR and a Chief of Staff position has been created within the organization. Additionally, the CFX staff size has increased by more than 50%, Internal Audit last performed a review of HR policies and procedures in 2011. Since this time, there have been three different Directors of



Objectives

The objectives of the review of Human Resources were to

- Evaluate the Human Resource processes and internal controls relating to
- Recruiting and hiring,
- Training,
- Promotions/Transfers,
- Setup, maintenance and security of personnel records,
- Benefits administration, and
- Employee terminations
- Review the merit-based compensation process and consider leading industry practices (e.g. government agencies, transportation authorities) to identify any improvement opportunities;
- Review the HR processes for compliance with applicable federal and state employment laws, as defined on page 4; and
- transportation authorities) to identify any improvement opportunities Review the succession planning strategy and consider leading practices in similar organizations (e.g. government agencies,



Summary of Results

2.3	 Reviewed the succession strategy and considered leading practices in similar organizations (e.g. government agencies, transportation authorities) to identify any improvement opportunities. 	Review Succession Planning Strategy
->	 Evaluated the merit-based compensation process and considered leading industry practices (e.g. government agencies, transportation authorities) to identify any improvement opportunities 	Review Merit-Based Compensation Process
4	Evaluated the design effectiveness of key HR internal controls. Reviewed the HR processes for compliance with applicable laws and leading practices, including the following Federal and State laws: Equal Employment Opportunity (EEO), Anti-Harassment and Discrimination, Fair Labor Standards Act (FLSA) Exempt and Non-Exempt Job Classification, Family and Medical Leave Act (FMLA), Military Leave, Domestic Violence Laws, Morkers' Compensation Laws, Minimum Wage Laws, Violence Free Workplace,	HR Policy and Procedures
Observation #	Procedures Performed	Objective1
	The table below provides an overview of the areas reviewed as part of this audit and the observations identified.	The table below provides an overview

Observation 1 - Merit-Based Compensation

Relative Priority: High



communication, and increase productivity, motivation, and accountability. Performance based pay allows for quantifiable based pay policy was to compensate CFX staff in line with the market industry, increase retention, improve internal In July 2015 the CFX Board approved a performance based pay policy. The purpose of establishing the performance justification of a base pay merit adjustment. The policy requires CFX employees be compensated based on their performance as documented in an approved evaluation tool.

categories based on the annual budget set by the board. performers do not receive an increase. The Executive Director determines the merit adjustment for the two eligible Based on the policy, a merit adjustment is designated for above average and average performers, and below average

evaluation process as the evaluation tool and facilitated a training for department supervisors in order to standardize the performance programs are rarely implemented in government agencies, resulting in limited public sector examples of successful expanding workforce, employee moral, and the public records requirements. Additionally, merit-based compensation implementation. However, The Chief of Staff and the Director of HR redesigned the performance evaluation form to serve CFX has faced challenges implementing the performance based pay policy, including turnover in the HR department,

employee's performance by determining and communicating the potential merit adjustment for each eligible performance not clearly linked to the merit adjustment. Leading practices suggest directly linking the base pay merit adjustment to the average performers While CFX has a defined and consistent performance evaluation process, the results of the performance evaluations are category. In addition, the merit adjustment should be different for each performance category in order to incentivize above

Recommendation:

- CFX should consider defining which performance evaluation scores are considered above average, average performers, and below average.
- CFX should consider assigning a merit adjustment percentage to each performance category. The merit adjustment percentages should be reviewed and adjusted annually based on the annual board approved budget.
- CFX's executive team should discuss employee evaluation scores to ensue the supervisor evaluation style is homogenized prior to communicating the evaluation scores to the employees

Observation 1 - Merit-Based Compensation (continued)



Management Response:

CFX Management concurs.

Management Action Plan:

- CFX will define which performance evaluation scores are consider above average, average, and below average
- CFX will define the merit adjustment percentages to be assigned to above average, average, and below average adjustment will be communicated to employees in order to enhance the goal-setting process. performers annually. The merit adjustment percentages and the performance evaluation scores required to earn each
- ω evaluation scores to ensure the supervisor evaluation style is homogenized CFX executive team will schedule the annual performance evaluation review prior to distribution of final performance

Action Plan Owner / Due Date:

Evelyn Wilson, Director of HR, and Michelle Maikisch, Chief of Staff and Public Relations / July 1, 2018

Observation 2 - Document HR Contingency Plan

Relative Priority: Medium



CFX has an informal process in place to identify resources to fill short-term job vacancies within the agency. However considered for all key positions within the agency. business interruption. In addition, documenting the contingency plan would allow CFX to ensure a plan has been process of determining the appropriate course of action and persons of authority to continue business operations with little having a formally documented human resources contingency plan for key positions would allow CFX to streamline the

Recommendation:

the event of a planned or unplanned vacancy. In developing the contingency plan, CFX should consider the following: CFX should consider documenting a human resources contingency plan for key or critical positions within the agency in

- Identify all key/critical positions and assess the impact of each position on CFX strategic goals and objectives
- in Appendix 1); Identify positions qualified to succeed vacated stations in given periods of time (see example of 9-box analysis detailed
- facilitate knowledge sharing (e.g. job aids, process documentation, job shadowing, job rotation); and Knowledge Transfer Strategies to identify critical tasks and activities only known to a select few employees and
- Evaluate contingency plan at least annually, or as needed, based on changes within CFX

Management Response

CFX management concurs.

Management Action Plan

perform the role's critical duties on an interim basis in the event of a planned or unplanned vacancy. CFX Management will develop a redundancy plan strategy based on the current organization structure. For all department heads and executives, CFX will determine the necessary expertise required to fill the role, and will designate a position to

Action Plan Owner / Due Date:

Michelle Maikisch, Chief of Staff and Public Relations / July 1, 2018

Observation 3 – Knowledge Management Plan

Relative Priority: Medium



sharing of that knowledge executive, department, and staff-level responsibilities, requirements, impactful information and data, and facilitates the knowledge sharing. Knowledge management plans enable organizations to effectively communicate and document CFX strives to preserve internal knowledge and facilitate internal knowledge sharing. However, increased turnover and knowledge management plan that provides guidance and detailed procedures around internal knowledge preservation and limited employee participation have proved to be a challenge in achieving this goal. CFX does not currently have a formal

Recommendation:

- CFX should perform a risk assessment to determine the prioritization of department's implementation of a knowledge documentation retention and sharing plan. documented, methods of documentation (e.g. desktop procedural manuals, process flowcharts, job aids, etc.) and the management plan. The knowledge management plan for each department should define key business processes to be
- N sharing as a component of the teamwork aspect of performance evaluations To increase employee participation in the knowledge management plan, CFX should consider including knowledge

Management Response:

CFX management concurs.

Management Action Plan:

be included in the teamwork aspect of annual performance evaluations initial knowledge management efforts on the Information Technology (IT) department. Additionally, knowledge sharing will management plan. However, based on the most recent entity-wide risk assessment performed in FY2017, CFX will focus CFX will conduct a risk assessment to determine the prioritization of department's implementation of a knowledge

Action Plan Owner / Due Date:

Director of IT / July 1, 2018 Michelle Maikisch, Chief of Staff and Public Relations Corey Quinn, Chief of Technology & Operations, and Jim Greer,

Observation 4 – Exit Interviews and Monitoring of Employee Turnover

Relative Priority: Low



ensuring that employee access rights (system and physical) are disabled. The HR Director may elect to conduct an exit the steps within the Termination Checklist, which includes collecting the employee's resignation letter and, if applicable, Employee terminations are currently reported to the HR Director by the employee supervisors. The HR Director completes in order to monitor employee turnover, capture exit data, and identify factors that lead to employee turnover procedure for documenting responses of the exit interview. Leading practices suggest conducting voluntary exit interviews interview with the employee. However, exit interviews are not offered to all employees and there is currently no formal

Recommendation:

the completion of the interview in the termination checklist. CFX should conduct exit interviews of all voluntary employee terminations as part of termination procedures and document

Management Response:

CFX management concurs.

Management Action Plan:

management. interview, if conducted, on the Termination Checklist, and will communicate employee responses to CFX department CFX Human Resources will offer exit interviews to all voluntarily employee terminations, document the date of the

Action Plan Owner / Due Date:

Evelyn Wilson, Director of HR, and Michelle Maikisch, Chief of Staff and Public Relations / Complete

APPENDIX

APPENDIX 1 – NINE BOX ANALYSIS

supplemented with employee training, staff increases, or consultant usage. competencies needed before a position can be determined a successor to a vacated position. Any gaps identified can be criteria (e.g. performance evaluations, technical competencies) and are plotted on the chart below to identify any additional management, assess talent, and evaluate criteria for a potential successor. Positions are assessed using pre-determined Below is an example of a Performance and Potential Matrix (9-box analysis) that is widely used to facilitate discussion among



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Business Continuity Management Executive Summary of the 2017 Review

Central Florida Expressway Authority

May 2017

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

2017 BCM Review



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Executive Summary1

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I. Executive Summary

Background

business processes in the event of the aforementioned interruption scenarios that could affect the organization. headquarters. BCM encompasses the development of strategies, plans, and actions which provide protection or alternative modes of operation for interruptions to the business, such as: man-made, natural, and technological disruptions to either the geographic region or the corporate the Central Florida Expressway Authority ("CFX"). The review focused on plans and procedures that CFX has in place to minimize the impact of During the period between October 3 and November 4, 2016, Internal Audit ("IA") performed a Business Continuity Management ("BCM") review for

Scope and Approach

Lastly, IA inquired with Management to determine the testing and training strategies in place to educate employees on the aforementioned plans. ("DR") documentation that was available, and second, determined whether the IT DR plan accounted for all components of CFX's IT infrastructure The focus of this review included three (3) primary components. First, IA reviewed any current BCM, Crisis Management, or Disaster Recovery

To accomplish these objectives, Internal Audit:

- Evaluated the structure of the Agency's Crisis Management team and plan.
- by IA in 2014 or other risk assessment activities which prioritize recovery efforts of the business and IT resources. Determined whether BCPs and the recovery strategies were founded on the Business Impact Analysis ("BIA") exercise that was performed
- strategies. For each document obtained, evaluated if: Established an inventory of all critical departments and applications / systems at CFX and reviewed the departmental BRPs and IT DR
- The document included guidelines on response team roles and responsibilities.
- The BRP/ DRP included guidelines on when the plan should be invoked and defined the members of the response teams
- Alternate work locations or IT recovery sites were established and could feasibly be utilized to operate in disaster scenarios.
- communications with key third-party partners and notification procedures to customers or other stakeholders. The document included guidelines for external communication, including procedures that will be taken to re-establish
- Management had taken into consideration short and long-term recovery scenarios, as well as guidance on how to restore the environment back to "normalcy" following the conclusion of a disaster event.
- sites for testing exercises, etc. Reviewed and evaluated the BRP and IT DR testing strategy, including the frequency and nature of testing, the use of alternate recovery
- Evaluated the training exercises that are conducted
- (i.e. malware, virus, ransomware, etc.). Reviewed the strategies established from an IT DR perspective to mitigate the risks associated with malicious attacks to the IT environment

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2017 BCM Review



In order to accomplish this review, Internal Audit

- Interviewed key personnel (i.e. CFX Security Manager, Corporate Department Leads, etc.)
- Performed a Risk Analysis of corporate departments at CFX to determine which would be included in the sample
- Reviewed documentation associated with the BCM, IT DR planning, and Crisis Management
- Performed walkthroughs of the recently completed Hiawassee data center

Summary of Findings

As a result of this review, Internal Audit identified five (5) observations that should be addressed in order to strengthen the overall BCM program at CFX. These observations refer to Business Continuity specific documents, plans, and training regimens that organizations typically have in place to plan for and assist in recovery efforts. The observations are grouped into the following three (3) high-level topics:

- IT Disaster Recovery
- Crisis Management Documentation and Training
- Business Continuity Management Documentation and Training

Recommendations

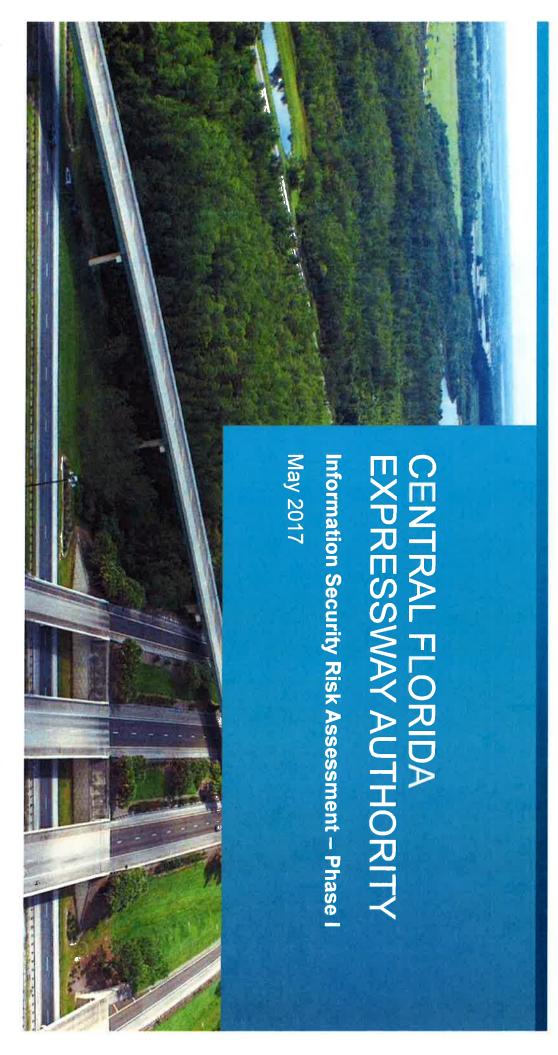
As a result of the observations made during the review, recommendations surrounding the following areas were developed:

- Connectivity to IT Backup Environment
- Crisis Management Documentation and Testing
- Business Resumption Plans and Training









Overview

Statute 282.318, "Security of Data and Information Technology". This statute requires that an agency: This report represents the results of Phase I of the Information Security Risk Assessment conducted by Internal Audit ("IA") as outlined in Florida

- necessary to support operational risk decisions. Use a standard risk assessment methodology that includes the identification of an agency's priorities, constraints, risk tolerances, and assumptions
- Conduct, and update every 3 years, a comprehensive risk assessment, which may be completed by a private sector vendor, to determine the security threats to the data, information, and information technology resources, including mobile devices and print environments, of the agency

Technologies ("NIST") Special Publication 800-30 standard risk assessment methodology that IA used during this Information Security Risk Assessment was the National Institute of Standards and

Risk Assessment This phase of the review focused only on Asset Identification. Additional phases will be conducted in the future to complete the Information Security

Scope

IA used the following approach in the delivery of Phase I of this project:

- IA assigned categories and owners to assets by performing the following activity
- was accumulated through a combination of the following methods: Developed an inventory of assets for in-scope business systems that create, receive, maintain, or transmit sensitive data. The inventory
- Interviewing IT administrators, business unit management, and other key personnel
- Utilizing current asset management / identification data



Approach

IA reviewed documentation and interviewed key CFX and ITS personnel in order to

- Identify assets
- Group assets within categories
- Document asset descriptions
- Review of the business importance of assets

As a result of this work, IA identified 13 assets that will be considered during the remaining phases of the Information Security Risk Assessment, These assets are listed on page 3 and 4.



ASSET IDENTIFICATION

7	o	Ch	4	ω	N	_	*
Network Infrastructure	Email	Phone Systems	Servers	Workstations	External Web sites	Key Applications	Name
Network systems such as Intrusion Detection Systems ("IDS"), firewalls, routers, core switches, aggregate switches, and end of line switches in plaza cabinets.	Microsoft Exchange email server used for communication.	Voice over Internet Protocol phones for at each location used for communication and mobile devices assigned to users for voice, text, and email communication. Includes Interactive Voice Response ("IVR") system.	Computers supporting CFX applications that run operating systems such as Windows Server 2012 or OpenVMS	A single-user or shared computer either located at HQ or Toll Plazas used for everyday operation and tasks of CFX Employees. These may be desktops or laptops.	Websites managed by CFX that are internet facing and utilized by customers, vendors, and employees: CFX FTP Site – Used by Vendors and Employees to exchange files E-Pass / VES Web Sites – Customer service site CFX Corporate Web Site – Informational site used to describe information about the organization VIO Web – Law enforcement portal for toll violation information	Applications and databases crucial to business operation, including: TRIMS – Customer support/account management application TRAILS – Transponder retail and in-lane sales application EDEN – Financial reporting system VES – Violation Enforcement System ARCS – Database and supporting infrastructure (sensors, controllers, hosts) that capture transponder activity iMars/Special Viewer – Imaging software used to validate letters and digits on license plates Helpdesk ticketing system SAMS – Security & Access Management System for managing access to TRIMS and TRAILS. 3rd party software applications – Microsoft Office, etc. InfoView – Enterprise reporting utilizing Crystal Reports.	Description





ASSET IDENTIFICATION (CONT.)

13	12	11	10	9	œ	*
Printers/Copiers	Lenel Badge System	ITS Wrong Way Driving Deployments	ITS Data Collection and Traffic Monitoring Systems	ITS Dynamic Message Signs	ITS Closed Circuit TV Cameras	Name
Copiers and Printers located at HQ, Service Centers, and Plazas.	Access control system used for physical security throughout all CFX locations to allow access to CFX facilities.	Systems and supporting infrastructure that detects and alerts upon drivers going the wrong way on a road.	Systems and supporting infrastructure that estimate speed, congestion, and travel times on the roadways.	Systems and supporting infrastructure that displays warnings or estimated travel times.	Cameras and supporting infrastructure that allow CFX to view traffic on the roadways,	Description



Face the Future with Confidence

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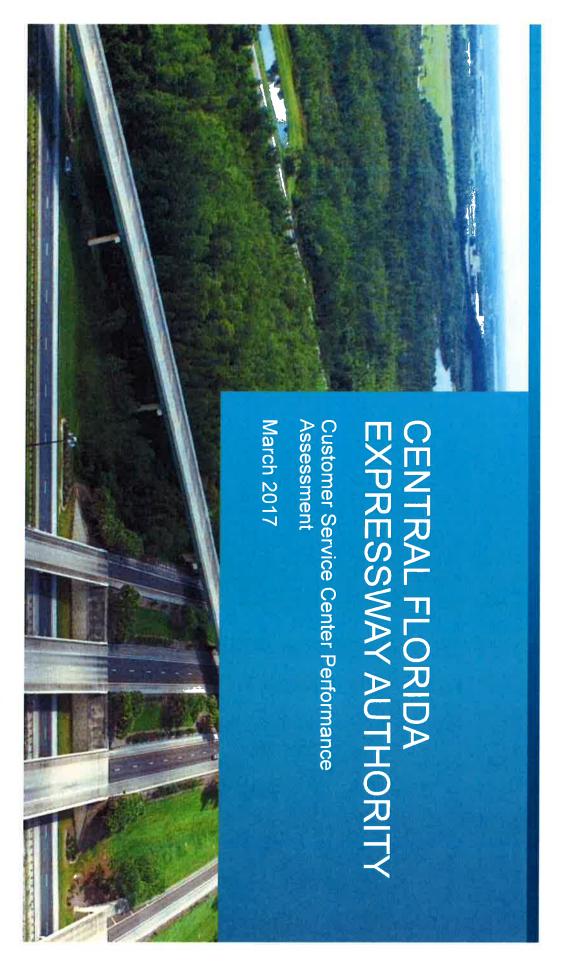


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Overview

assessment was performed in 2015. Since then, the third party vendor operating the contact center has changed, and a new scheduling system, Monet, has been implemented. (CFX) customer contact center operation's performance leveraging a contact center subject matter expert. The last performance In accordance with the 2017 Internal Audit Plan, Protiviti conducted a follow-up assessment of the Central Florida Expressway Authority

replenishments (5%), and new E-PASS accounts (1%). agents available for staffing allowed the contact center to collapse call groups and achieve service level goals more consistently. necessarily the number of agents per shift. Although the call volume remained relatively consistent for FY2015 and FY2017, having more highest volumes occurring on Mondays and Fridays. The increase in the number of agents represents the total agents on staff, not 2,500 calls per day in May 2015. The call volume follows a consistent pattern, with volume peaks in the morning and late afternoons and the call volume is approximately 2,400 calls per day, which is relatively consistent the average daily call volume range of approximately 2,200 -The customer contact center services consist of UTN payments (36%), customer service (29%), VES Response Line (23%), account (excluding image processing personnel), up 30% from 46 full and part-time agents at the time of last audit in May 2015. The average daily The customer contact center currently leverages a total of 60 full and part-time agents to support its customer contact center operations,

more effectively route calls and forecast agent scheduling needs. Voice Response) solution in June of 2016, tools that enable them to more effectively match agent staffing to call volume patterns and to multiple physical data centers. CFX implemented Monet Workforce Management in January of 2017 and a new SwampFox IVR (Intelligent The technology used in the customer contact center is based on an Avaya 8700 platform that is implemented in a configuration using



Overview

The objectives of the review were to:

- 1. Perform an assessment of the contact center in 2017 considering change in vendor operating the center and the new technology CFX has put in place since the time of the 2015 audit. The assessment included a review of six months of call data, from the period of July 2016 to January 2017, to evaluate the progress made toward implementing the prior recommendations made during the 2015 review.
- Evaluate the use of Monet for Workforce Management and other supporting operational systems and services for additional needs or opportunities to improve usage.
- Verify the accuracy of data between the new Monet Workforce Management solution and the existing Avaya ACD solution.



Approach

analyze, document, and quantify the customer contact center 's application of people, process, and technology to provide customer service: The customer contact center performance review was accomplished through the execution of four inter-related work streams designed to

- People: Executive, Operations, IT, and customer contact center Management Interviews
- Process: Detailed Call Analysis
- Statistical Analysis: Review and analysis of customer contact center historical reporting
- Technology: Infrastructure and Application Review

operations vendor. The review was conducted in February of 2017 with the assistance of CFX management and the third party customer contact center



Summary of Results

2015. The table below provide a summary of the progress made toward implementing the prior recommendations made during the 2015 call Overall, CFX has improved the effectiveness and efficiency of the customer contact center operations since the time of the last review in center performance review:

Observation #3: Reporting and Analytics	Observation #2: Customer Call Experience	Observation #1: Call Handling Performance	Observation #
CFX and the third party customer contact center vendor have opportunity to more fully utilize available performance reports to monitor customer contact center key performance indicators. The customer contact center currently tracks Average Speed of Answer, After-Call-Work, and handle times but does not track or monitor the factors that drive these statistics. There are opportunities to improve the customer contact center efficiency and effectiveness by reviewing and utilizing additional statistical reports which Internal Audit has partnered with CFX to help develop as a part of this review.	There is inconsistent and duplicative information presented to customers on the customer contact center phone menus and prompts. There are opportunities to improve caller experience for those dialing into the center by making prompts, menus and messaging more consistent.	The customer contact center is experiencing prolonged periods of high Average Speed of Answer (ASA) times. There are opportunities to improve agent utilization and manage scheduling to decrease the average speed of answer and positively impact the customer experience.	FY15 Observation
CFX now has access to a substantial amount of performance data including Avaya ACD statistics, WFM data, Quality data, etc. that enables it to capitalize on opportunities to be more efficient and effective within the center, as supported by the data reviewed and statistical analysis conducted during this review.	CFX implemented a new IVR solution provided by SwampFox to address this issue and to provide additional automation opportunities.	CFX implementation and subsequent use of Monet's Workforce Management solution has made a demonstrable difference in the effective and efficient management of staff while improving overall customer experience through better maintenance of service levels and answer rates. Call handling performance in the customer contact center has been significantly improved in all key areas identified as opportunities in the 2015 review. Performance appears to be far more consistent across time-of-day and day of week.	Status of FY15 Observations



Summary of Results (continued)

Observation #5.	Observation #4: Standardized Call Flow and Quality Assurance Processes	Observation#
There is an opportunity to reduce inbound call volume by	There is not a standardized call flow established to ensure consistent customer call handling and service. In addition, the quality assurance process does not evaluate customer contact center agents on a standard call flow. Aligning Quality Assurance forms and monitoring to a standardized call flow can serve to improve overall quality measurement while enabling analysts to focus on those behaviors that have the greatest impact on call quality.	FY15 Observation
In June of 2016, CFX implemented an IVR solution from Swampfox to identify callers, direct calls, and automate common functions such as	CFX Quality Assurance (QA) Program is now functioning effectively and is supporting CFX operational goals of achieving effective and consistent customer service to its customers.	Status of FY15 Observations

Observation #5:

Inbound Call Deflection and Avoidance

There is an opportunity to reduce inbound call volume by improving the customer contact center agent messaging and improving the Authorities web presence to make it more user friendly. Reduced call volume can lead to cost reductions.

In June of 2016, CFX implemented an IVR solution from Swampfox to identify callers, direct calls, and automate common functions such as payment of toll violations. The new solution has deflected between 40-50% of the calls that would have otherwise required agent assistance to complete.

Observation #6:

Call Automation

Up to 30% of a customer contact center agents call handling time is spent identifying the customer and retrieving their account information. There is an opportunity to reduce the call handling time by introducing call automation, which would identify and validate customers prior to reaching the call cent agent.

CFX has implemented a new IVR system that has significantly improved CFX's ability to identify inbound callers, enable faster service, and automate common transactions (for example, UTN payments).



2017 Observations

in the overall context of this report. Internal Audit classified the findings using a relative priority of high, medium, or low to provide management with a basis for evaluating them Internal Audit identified the following four observations and enhancement opportunities while performing the 2017 performance review.

Observation #4: Quality Assurance Program	Observation #3: Intelligent Voice Response (IVR) Solution	Observation #2: Business Analytics / Performance Monitoring	Observation #1: Service Level Performance	Observation#
CFX Customer Contact Center Quality Assurance (QA) Program is functioning effectively and is supporting CFX operational goals of achieving effective and consistent customer service to its clients. The program could benefit by increasing the number of screen recordings captured for QA purposes, real-time reporting of QA activities, supervisory personnel conducting QA monitoring, and contact center agent preparation time to review marketing material, QA feedback,	The new SwampFox IVR (Intelligent Voice Response) solution implemented in June of 2016 has been very effective, although there is opportunity to improve the reporting used to monitor IVR utilization. The current reporting makes it difficult to ascertain how calls are flowing through the IVR and what paths these calls are taking.	Customer contact center management now has access to a substantial amount of performance data including ACD statistics, WFM data, Quality data, etc. However, this data is not easily accessible to work force managers or contact center staff via wallboards or analytics dashboards, which could improve CFX's use of the available data to increase effectiveness and efficiency managing the center.	While CFX is doing a very good job of maintaining overall service levels, CFX identified an issue with maintaining service level at the end of shift (beginning around 4:00 to 4:15 PM each day) due to contact center agents going off shift, this was verified during the review.	Observation:
Medium	Medium	Medium	Medium	Relative Priority

etc.

7

Observation 1 - Service Level Performance

Relative Priority: Medium



solution has aided in the following improvements In January of 2017, CFX implemented Monet Workforce Management to provide customer contact center agent forecasting and schedule adherence reporting. Based on the performance data in Appendix A, it appears the Monet

15%	Above 25%	Agent Aux Time Usage
3%	8 – 10%	Abandoned Calls (daily)
30 sec	36 sec	Average Speed of Answer
FY 2017	FY 2015	Call Handing Performance

addition, CFX has maintained a schedule adherence of approximately 85-90%, based on reports generated by the Monet conditions require it (e.g. unexpected absence or unavailability of staff which would otherwise impact service levels). In and CFX has implemented the leading practice of routinely regenerating forecasts and daily/intraday schedules as platform. The above data suggests CFX is using the Monet solution very effectively to generate staffing forecasts and schedules

systems are tracking call volumes, distribution and call handling performance accurately and consistently Analysis conducted on data from the Monet solution and on comparable reports from the Avaya ACD indicates that both

While CFX is doing a very good job of maintaining overall service levels, CFX identified an issue with maintaining service time of day. This was verified based on the data evaluated during the review. level at the end of shift (beginning around 4:00 to 4:15 PM each day) due to the number of agents going off shift at this

Observation 1 - Service Level Performance (continued)



Recommendation:

at the end of the day. Management should consider the use of flex part-time staff or adjusting shift start times to address the drop in service level

Management Response:

Management concurs.

Management Action Plan:

continue to monitor the performance levels to ensure adequate service levels are maintained. CFX has made the necessary staffing adjustments to increase service levels at the end of the business day. CFX will

Action Plan Owner / Due Date:

David Wynne, Director of Toll Operations / Completed as of June 1, 2017

Observation 2 - Business Analytics / Performance Monitoring

Relative Priority: Medium



is not generally available to the broader contact center team (agents and supervisors) or to the management team management, the organization has easy access to accurate and complete historical data related to performance as well as Through the changes and improvements CFX has made to its organizational structure, QA programs, and Workforce real-time (and near real time) data from its various platforms. While this data is all available via various historical reports, it

Recommendation

wallboards. However, these tools do not have a visual studio functionality to design dashboards in a consumable, userwhich may require immediate attention (unanticipated call volumes, service level issues, etc.) and improve overall service dashboards performance often enables a management team to more readily identify and respond to conditions in the contact center in highly-consumable analytics dashboards, particularly those designed to provide historical data for trend analysis and CFX could further improve its ability to monitor and manage the centers operation by making contact center data available those designed to provide real-time data for intraday management. The use of highly visible dashboards showing real-time friendly presentation. Management should consider a visual studio product to provide the functionality to create the The Avaya ACD and the Monet Workforce Management systems store the data needed to create these dashboards and

- The process of setting up and implementing business analytics and related dashboards typically follows the approach outlined below:
- Ņ Identify the data and Key Performance Indicators (KPI) that should be presented and/or trended for performance
- 3. Agree upon how these Key Performance Indicators will be measured and calculated
- 4 Determine source data/systems responsible for producing or providing data required to support analytics
- 5. Design and set up a repository for data to be managed in the analytics solution
- Design Dashboard UI's including all visualizations, filters, and drill-downs
- 7. Implement dashboards in the center. Examples are provided in Appendix B.

_

Observation 2 – Business Analytics / Performance Monitoring (continued)



Management Response:

Management concurs.

Management Action Plan:

on the dashboards within the contact center. CFX will also determine the frequency of measurement to be displayed on CFX Toll Operations will identify a number of key performance indicators for performance monitoring that will be displayed vendor to create business analytics related to the content of the dash boards. the dashboards (real-time, weekly, monthly metrics, etc). In addition, CFX will work with the third party contact center

and lack of resources. These items may be revisited in the future as part of the back office replacement project Steps four and five in the recommended approach will be tabled at this time due to the complexity of the recommendation

Action Plan Owner / Due Date:

David Wynne, Director of Toll Operations, and Corey Quinn, Chief of Technology and Operations / April 30, 2018

Observation 3 – Intelligent Voice Response (IVR) Solution

Relative Priority: Medium



agents required to handle customer contacts. servicing callers in the IVR, CFX is completing the transactions more rapidly, while simultaneously reducing the number of the center, deflecting between 40-50% of the calls that would have otherwise required agent assistance to complete. By In June 2016, CFX implemented an IVR solution from Swampfox to identify callers, direct calls, and automate common functions such as payment of toll violations. At the time of this audit, the IVR solution was having a significant impact on

reporting makes it difficult to ascertain how calls are flowing through the IVR and what paths these calls are taking While the IVR solution has been very effective, the reporting used to monitor IVR utilization could be improved. The current

Recommendation

be more effectively monitored and improved over time. CFX should work with Swampfox to implement the following enhancements to its IVR reporting so the use of the IVR can

the following: Implement Call Path Reporting – Call path reporting would allow CFX to track the path of calls through the IVR by showing

- Show all paths taken through the IVR by calls for a given reporting period, including the total number of calls that used the path and the percentage of total calls that took the path
- 'n Service automation utilization – this reporting shows the total number of calls that attempted to utilize each servicing abandoned in the transaction (without completing), the number that completed the transaction, the number that ended module (e.g. provide payment locations or accept payment), the number that completed successfully, the number that the call/abandoned after completing, and the number that opted to an agent.
- çυ Error reporting - listing/count of all calls that were forced to either abandon or op—out to an agent due to a specific error such as payment failure, web service failure, etc. by failure type and "node"

Observation 3 - Intelligent Voice Response (IVR) Solution (continued)



Management Response:

Management concurs.

Management Action Plan:

CFX has identified a Call Path Report within IVR that consists of historical graph, error reporting, and service utilization. for Toll Operations to access the data. CFX will work with the third party contact center vendor to provide data in an acceptable format and provide an internal link

Action Plan Owner / Due Date:

Corey Quinn, Chief of Technology and Operations / April 2018

Observation 4 – Quality Assurance Processes

Relative Priority: Medium



consistent quality scoring across the team. This has enhanced the effectiveness and consistency of the QA process. While incorporated the leading practice of conducting routine calibration sessions with the various QA analyst to ensure fair and to track individual agent performance and team performance over time and to identify trends in performance. QA has also further improve the effectiveness of the contact center the QA process is being executed well and is achieving high levels of performance, there are enhancements that could reporting to monitor contact center agent performance. Although the reporting is fairly manual in nature, it allows the team The workforce management quality assurance (QA) team has developed and consistently maintains very effective

Recommendation

CFX management should consider implementing the following:

- 1. Contact center supervisory staff should conduct one to two weekly QA monitors per agent. The use of supervisory staff positive input to the supervisors coaching and helping to identify other agent developmental activities in the QA process tends to help ensure cohesion between QA the rest of the contact center, while also providing
- Ņ While the QA team have developed and maintain effective historical reporting of QA activities and performance, having and management staff. this data available in real-time would enable CFX to make intraday performance data available to agents, supervisors
- ယ Fewer than 125 of the 2,594 recorded calls noted during the six month period under review had associated screen the overall QA process. Management should consider identifying why the system is not recording screens for all calls recordings. Screen recordings allow QA to monitor an agents use of the system during a call and is a valuable input to
- 4 While contact center agents are provided 15 minutes for group/team meetings at the beginning of each agent's shift would help to ensure that agents consistently serve customers efficiently. review QA results, coaching or other development materials, CFX marketing and program information or other data that the agents could benefit from a 10-15 minute period (weekly or daily based on the frequency of new information) to

Observation 4 – Quality Assurance Processes (continued)



Management Response:

Management concurs.

Management Action Plan:

Item 1 – CFX will incorporate supervisory staff into the quality assurance monitoring process.

activities and performance. Item 2 – CFX will develop a primary server to support IQ360, which will provide historical data for quality assurance

review and work on a fix for this issue tem 3 - Screen captures are scheduled to be recorded for each call. However, the data is not being captured. CFX will

program information or other data. Item 4 – Weekly staff huddles will be used to provide coaching or other development materials, CFX marketing and

Action Plan Owner / Due Date:

David Wynne, Director of Toll Operations, and Corey Quinn, Chief of Technology and Operations

Item 1 –. Completed as of June 1, 2017

Item 2 – Completed as of June 1, 2017

Item 3 – April 30, 2018

Item 4 – Completed as of June 1, 2017

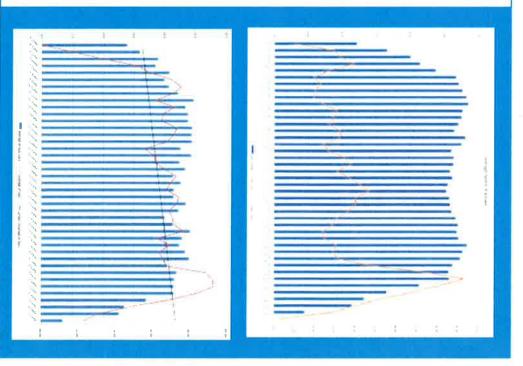
APPENDIX A

Call Handling Performance Graphs



Average Speed of Answer (ASA):

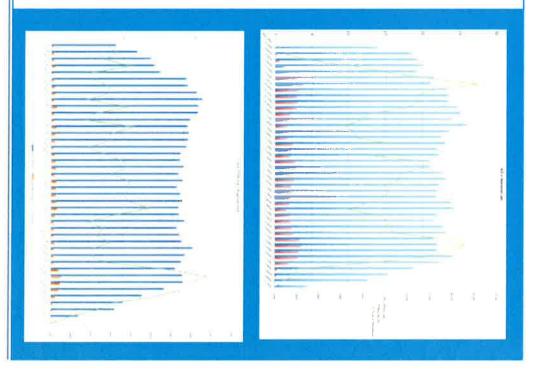
- 2015 (top right), ASA was over 36 seconds on average and varied substantially both from day-to-day and intraday.
- During 2017 (bottom right), ASA is far more consistent from day to day and averages below 30 seconds





Abandoned Calls:

- 2015 (top right), Average Call Abandonment rates were between 8 and 10% daily.
- 2017 (bottom right), Call Abandonment rates are consistently below 3% daily



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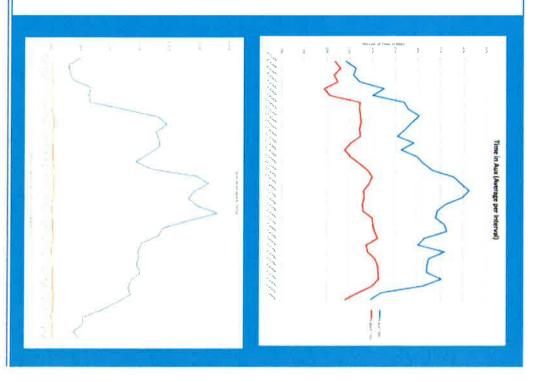
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Agent Aux - Work Time:

- 2015 (top right), Average Aux time usage averaged above 25% with ACW averaging over 15%
- 2017 (bottom right), total Aux time averages around 15% with ACW utilization very low as compared to staffed time



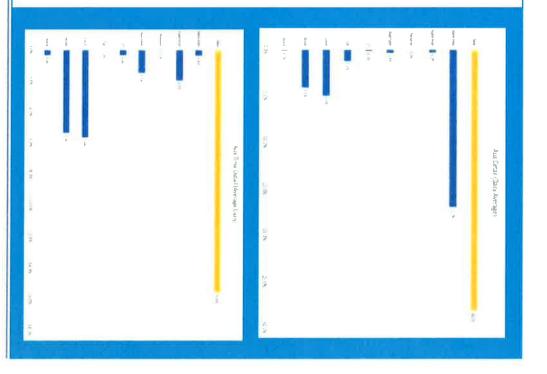
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Agent Aux Detail:

- 2015 (top right), Average Aux utilization was at approximately 28% with ACW accounting for almost half that time.
- 2017 (bottom right), total Aux time averages around 15% with ACW utilization at less than 1% of staffed time.



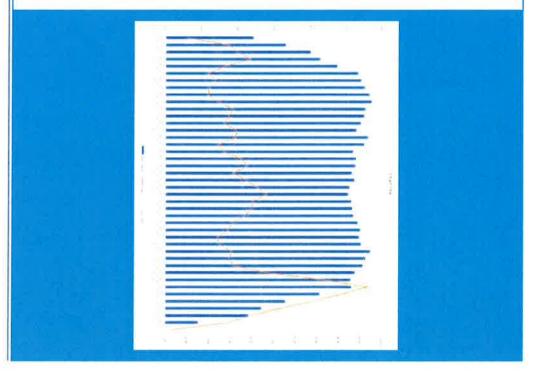
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APPENDIX A - SERVICE LEVEL MANAGEMENT

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2017 Service levels drop at the end of day, starting between 4 and 4:15 PM.

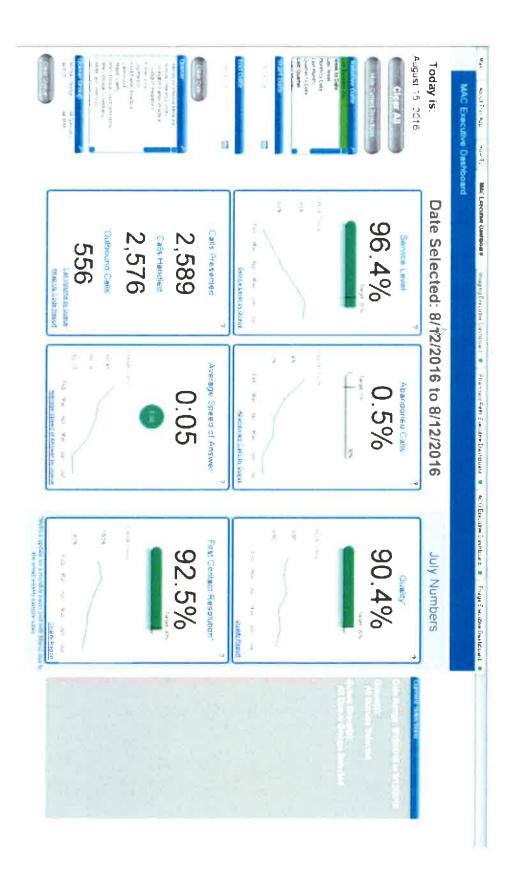


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APPENDIX B

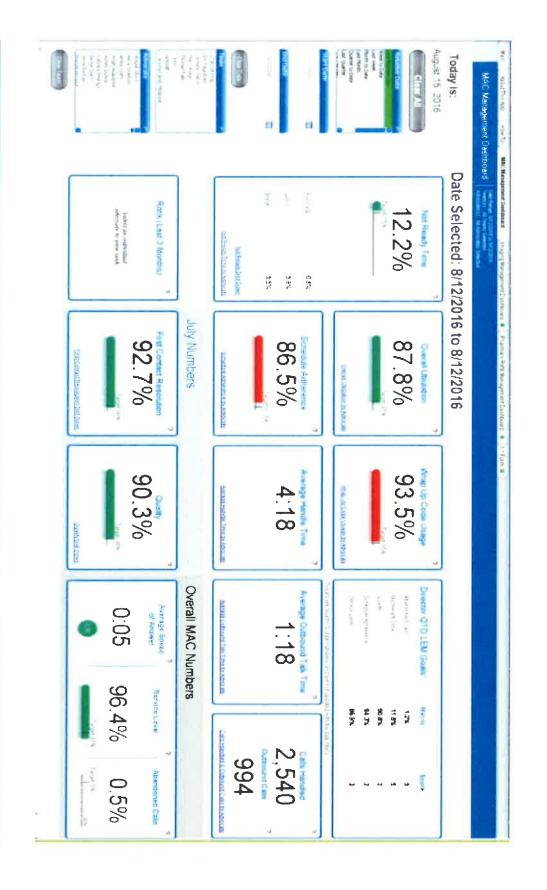
Sample Dashboards

APPENDIX B - SAMPLE DASHBOARD



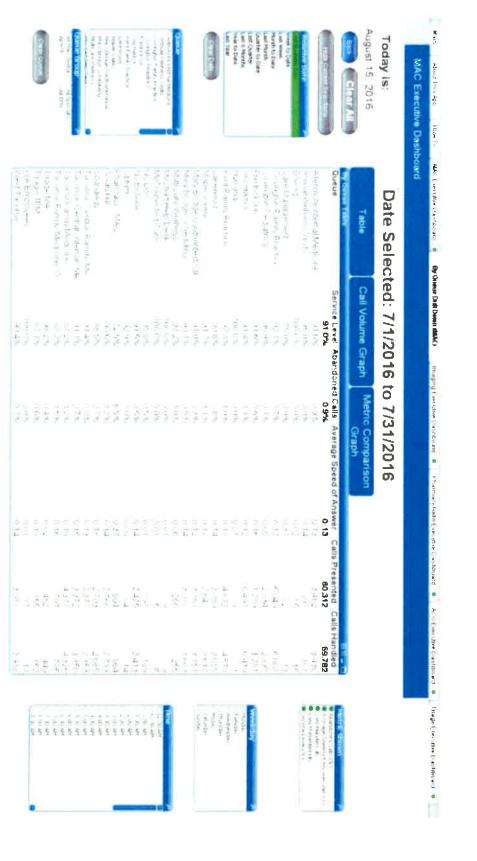
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APPENDIX B - DASHBOARD EXAMPLE



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APPENDIX B - DASHBOARD EXAMPLE





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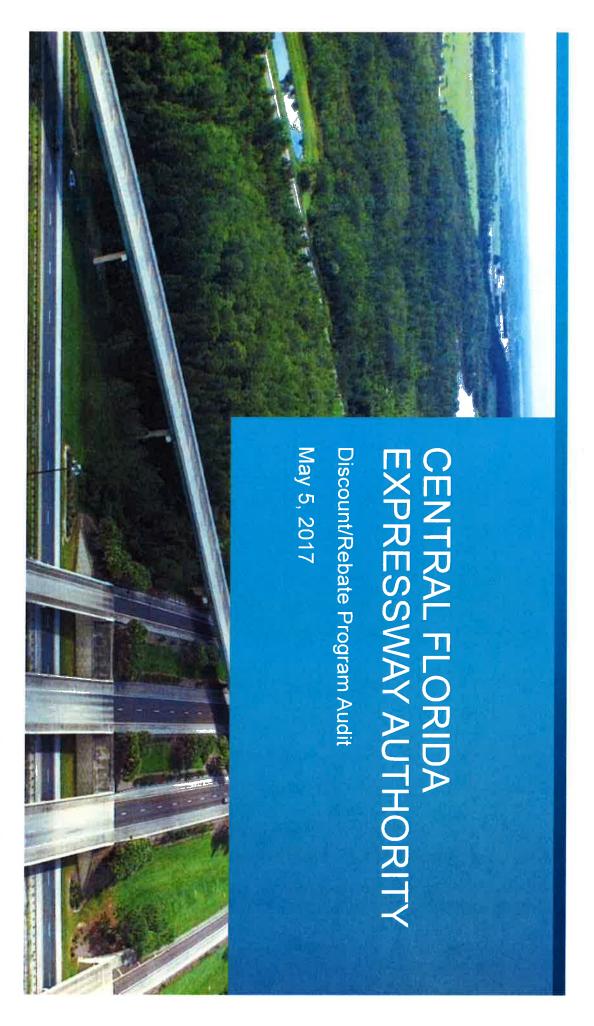


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EXECUTIVE SUMMARY



Overview

apply monthly discounts and rebates to customer accounts. account and monthly volume of toll transactions incurred on CFX roadways. CFX software is configured to automatically calculate and at toll plazas. E-PASS customers receive reduced toll rates and are eligible to receive additional discounts and rebates based on the type of Central Florida Expressway's (CFX) electronic toll-collection system E-PASS allows customers to automatically pay tolls with a transponder

and Boggy Creek Interchange rebates did not go into effect until early 2017 and was out of scope for this review. Loyalty Discount Program, Beltway Discount Program, School Bus Toll Rebate. The fourth program dealing with Beachline West Toll Plaza As of March 2017, CFX had four E-Pass discount and rebate programs in place, three of which were in scope for this review. Customer

Customer Loyalty Discount Program

SunPass customers. For the eight months ended February 28, 2017, CFX issued \$7.4 million in discounts on \$232 million (unaudited) in program to increase each discount rate for E-PASS customers by 5% (to 10% and 15%, respectively) and to discontinue discounts for month, and a discount of 10% once they reached 80 transactions in a month. During April 2016, the CFX Board approved a revision to this program was established, drivers with E-PASS or SunPass transponders received a 5% discount for paying between 40 and 79 tolls a total E-PASS toll revenues (electronic only) to customers under the Customer Loyalty Discount Program. The Customer Loyalty Discount Program was established to encourage CFX customers to utilize E-PASS electronic tolling. At the time the

Beltway Discount Program

Beltway Discount program through the first eight months of FY 2017. CFX issued \$3.0 million in discounts on \$114 million (unaudited) in beltway E-PASS toll revenues (electronic only) to customers under the scheduled to be discontinued upon completion of the I-4 Ultimate project, estimated to be in 2021. For the period ending February 28, 2017, actual revenue to determine if required thresholds have been met before the discount is applied. The Beltway Discount program is the annual General Traffic and Earnings Consultant's Annual Report approved in March 2015. Projections are evaluated monthly against program is contingent on actual revenue for the month exceeding 2% of the projected Total System Toll Revenues Available established per program was designed to provide relief to commuters looking for alternatives to using I-4 during the I-4 Ultimate construction period. The E-PASS and SunPass customers that pay 20 or more tolls per month on the beltway roadways (SR 414, SR 417, and SR 429). This Due to the Interstate 4 (I-4) Ultimate expansion project currently underway, during March 2015, the CFX Board approved a 5% discount for

EXECUTIVE SUMMARY



Overview (continued)

School Bus Toll Rebate

Brevard counties (Polk and Volusia counties elected not to participate in the program). This rebate program is contingent upon actual to Central Florida school districts under the School Bus Toll Rebate program through the first eight months of FY 2017. required thresholds have been met before the discount is applied. For the period ending February 28, 2017, CFX issued \$191,700 in rebates Earnings Consultant's Annual Report approved in February 2016. Projections are evaluated monthly against actual revenue to determine if revenue for the month exceeding 2% of the projected Total System Toll Revenues Available established per the annual General Traffic and provide a 99% rebate for public school buses traveling on CFX expressways carrying students from Orange, Seminole, Osceola, Lake, and As part of an initiative to help local, Central Florida school districts manage costs, CFX launched a toll rebate program in February 2016



Objectives and Scope

eight month period from July 1, 2016 to February 28, 2017. PASS Customer Loyalty Discount and Beltway Discount Programs, as well as rebates provided through the School Bus Toll Rebate for the In accordance with the FY 2017 Internal Audit Plan, Internal Audit conducted a review of discounts provided to customers through the E-

The objectives of this audit were to:

- 1. Review and evaluate the policies, procedures and internal controls related to the discount and rebate process, including the internal controls related to following:
- Discount/rebate approvals
- County school bus and new customer account setup
- Qualifying revenue threshold calculations
- SunPass interoperability disbursements

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- Recording of discounts and rebates to the general ledger
- Software setup and discount and rebate calculation coding in the IT
- IT change management (that which is not covered through testing performed for the PCI Report on Compliance)
- payments for SunPass accounts. Verify discounts and rebates were appropriately calculated and applied to E-PASS customer accounts and withheld from interoperability
- ω Verify discounts and rebates were appropriately authorized based on the monthly revenue calculation performed by the Finance

4

EXECUTIVE SUMMARY



Summary of Results

an overview of areas reviewed and number of opportunities identified associated with each. Two opportunities for improvement were identified during the audit. Each was classified as relative low priority. The table below provides

Internal Control Review: Authorization, Administration, Software Setup and Coding and IT Change Management	Objective
 Reviewed and evaluated the policies, procedures, and internal controls related to the discount and rebate process. Reviewed the following processes and related internal controls: Discount/Rebate approvals County school bus and new customer account setup Qualifying revenue threshold calculations SunPass interoperability disbursements Recording of discounts and rebates to the general ledger Reviewed the following IT processes and related internal controls: CFX software setup and coding to calculate discounts and rebates IT change management (that which was not covered through testing performed for the PCI Report on Compliance) 	Procedures Performed
N	Improvement Opportunities

Substantive Testing (Accuracy of Calculation, Application to Customer Account, Recording to GL)

Obtained the population of CFX customer accounts and judgmentally selected a sample of accounts and months to test the following attributes:

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- Accuracy of discount calculation
- Appropriate discount application

Observation 1 – Revenue Projection Reports

Relative Priority: Low



Beltway Discounts and School Bus Toll Rebate may only be applied during months in which actual toll system revenue FY 2017 as documented in the General Traffic and Earnings Consultant's Annual Report approved in February 2016. Consultant's Annual Report for the year in which each program was approved. Therefore, the Beltway Discount is exceeds 2% of projected Total System Toll Revenues Available established per the General Traffic and Earnings Annual Report approved in March 2015 and the School Bus Toll Rebate is calculated based on the projected revenue for calculated based on the projected revenue for FY 2017 as documented in the General Traffic and Earnings Consultant's

when preliminary revenue exceeds projected revenue by 2% or more. If the actual revenue falls short of the projection monthly revenue projections based on historical trends. Monthly revenue projections are reconciled to actual preliminary Accounting coordinates with senior management and customers do not receive the discount or rebate. revenue, which is defined as actual revenue prior to external auditor adjustments. Discounts and rebates are authorized The Director of Accounting and Finance maintains an annual Projection Discount Rebate Tracking Schedule containing

actual preliminary revenue has consistently exceeded FY 2017 projections by more than 10%, well in excess of the 2% However, there was no impact to the application of the monthly School Bus Rebates, which were triggered since monthly projections instead of the FY 2017 projections in the 2016 General Traffic and Earnings Consultant's Annual Report. reviewed, in detail, on a monthly basis unless concerns about an unexpected drop in revenue arise threshold. Root cause analysis identified that the annual Projection Discount Rebate Tracking Schedule is not consistently During testing of School Bus Rebates for 2017, actual preliminary revenue had been incorrectly compared to the FY 2016

Recommendation

not been met accuracy of inputs to prevent the issuance of discounts or rebates when revenue thresholds in excess of projections have CFX should consistently review the Projection Discount Rebate Tracking Schedule on a monthly basis to verify the

Management Response

Management concurs.

Observation 1 – Revenue Projection Reports (continued)

Relative Priority: Low



Management Action Plan

of inputs and calculations. Management will implement a monthly review of the Projection Discount Rebate Tracking Schedule to verify the accuracy

Action Plan Owner / Due Date:

Lisa Lumbard, Chief Financial Officer / 8/31/2017

Observation 2 – Discount Publication on CFX Website

Relative Priority: Low



applicable roads, and the percentage discount based on the number of toll transactions per month. Details of the E-PASS discount programs are published on the CFX website. The website details potential savings

expectations to the Authority's website are important to accurately communicate discounted toll rates and manage customer Customer Loyalty Discount Program. The website noted that there was a 5% discount for E-PASS customers with 20 – 39 At the time of the audit, there was an error in the percentage discount published on the CFX website related to the there is no discount at this toll transaction level. Periodic reviews of the accuracy of discount and rebate information posted toll transactions per month. However, based on the Board resolution approving the Customer Loyalty Discount Program,

Recommendation

CFX should conduct quarterly, formal reviews of rate, discount, and rebate information posted to its website for accuracy.

Management Response

Management concurs.

Management Action Plan

CFX website for accuracy. Management will implement and document a quarterly review of the rate, discount, and rebate information posted to the

Action Plan Owner / Due Date:

Michelle Maikisch, Chief of Staff/Public Affairs Officer / 7/31/2017

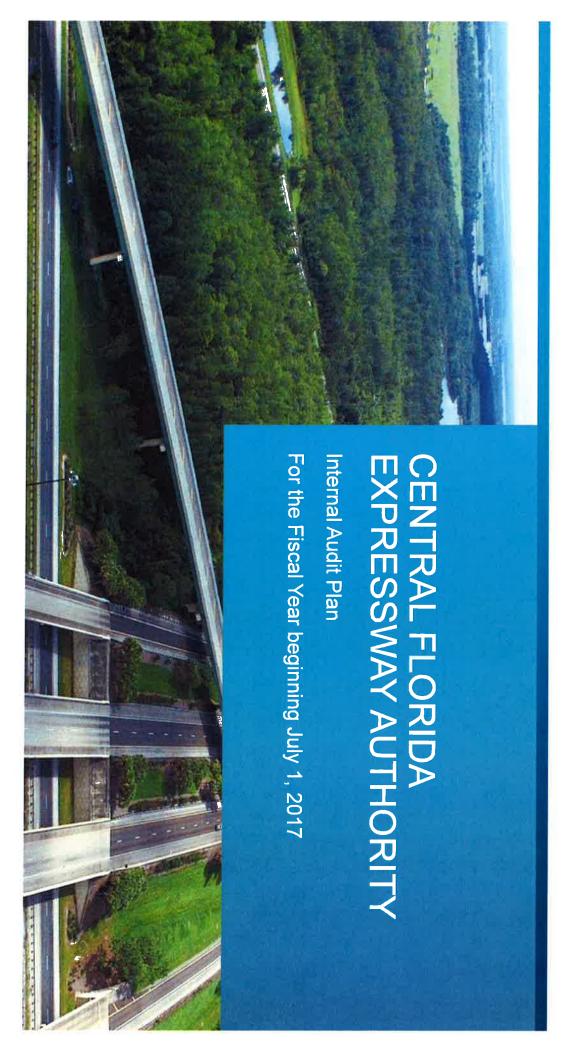
Face the Future with Confidence

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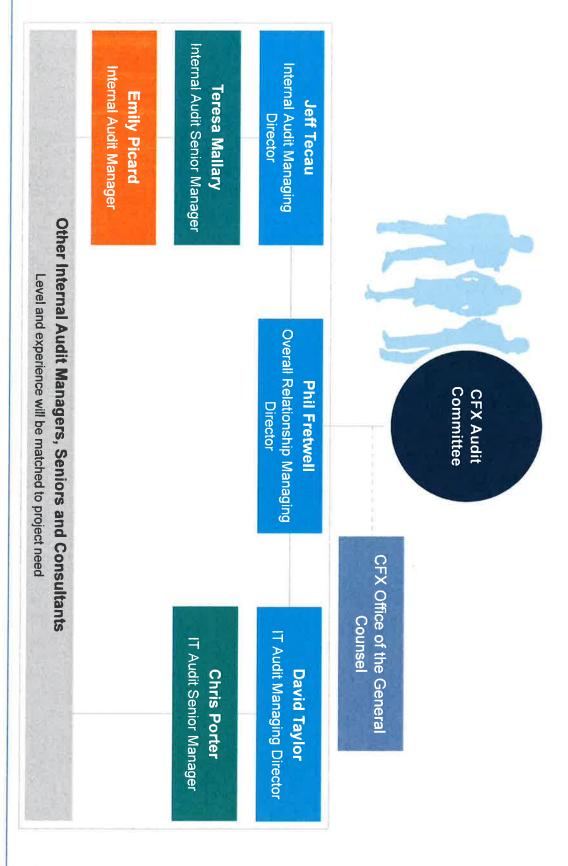








YOUR INTERNAL AUDIT TEAM



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BACKGROUND

2018 Internal Audit plan is depicted below. Risk assessment results are included in Appendix B. objective of the fiscal 2018 risk assessment was to identify and prioritize key areas of risk within CFX to consider in designing the be "front and center" with senior leadership as a strategic partner in the review and management of key business risks. The fiscal 2018 Internal Audit plan. The approach utilized in conducting the fiscal 2018 risk assessment and in developing the fiscal A risk assessment is a critical element of a high-quality Internal Audit department's responsibility and provides the opportunity to







INTERVIEW LIST

Plan: The following twenty-two (22) individuals were interviewed to gather information to develop the fiscal year 2018 Internal Audit

Name Navor Buddy Dver	Title Roard Chairman	Name	Title
Commissioner Fred Hawkins, Jr.	Board Vice-Chairman	Corey Quinn	Chief of Technology/Operations
Jay Madara	Board Treasurer	Lisa Lumbard	Chief Financial Officer
Commissioner Brenda Carey	Board Member	Michelle Maikisch	Chief of Staff/Public Affairs Officer
Andria Herr	Board Member	Joe Passiatore	General Counsel
Mayor Teresa Jacobs	Board Member	Linda Lanosa	Deputy General Counsel
Commissioner Sean Parks	Board Member	Joann Chizlett	Director of Special Projects
S. Michael Scheeringa	Board Member	David Wynne	Director of Toll Operations
Commissioner Jennifer Thompson	Board Member	Glenn Pressimone	Director of Engineering
Bruce McMenemy	Audit Committee Chairman	Michael Carlisle	Director of Accounting and Finance
Laura Kelley	Executive Director	Rafael Millan	Manager of Software Development

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3 YEAR INTERNAL AUDIT PLAN

Description			499,000	₩	Grand Total		
Prequency Performed 2018 2019 2017 3 25,000	×				N/A	As Needed	IT Service Management Review
Prequency Performed 2018 2018 2019		×			NA	As Needed	SO 27001 Information Security Review
Plan Year Cycle 2017 \$ 25,000 \$ 142,000 \$ 14		×			WA	As Needed	le e
Plan Year Cycle 2017 \$ 25,000 \$ 12,000 \$ 1,000		×			NA	As Needed	Social Media Process Review
Prequency Performed 2018 2019 2017 \$ 25,000 \$ 25,000 \$ 15,000			25,000	€	NA	As Needed	TRAILS Program Review
Annual 2017 \$ 25,000 \$ 25			40,000	()	N/A	As Needed	Wekiva Parkway Cashless Toll Revenue Audit
Annual 2017 \$ 25,000 \$ 25			25,000	₩	N/A	As Needed	Marketing Retail Transponder Sales Review
Audits Description Frequency Date Last Plan Year Porting 2018 2019 2019 2019 Audit Plan Year Plan Year Porting Committed Risk Assessment Annual 2017 \$ 25,000			40,000	(A		As Needed	Ŏ
Audit Plan Year Seription Frequency Date Last 2018 2019 2018 2019 2018 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2017 \$ 25,000 \$ 25,			46,000	€9	WA	As Needed	Penetration Test
Scription Frequency Date Last 2018 2019 2018 2018 2019 2018 2019 2018 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2017 2019 2017 2019 2017 2019 2017 2019 2017 2017 2019 2017 2017 2017 2019 2019 2017 2019				9			As Needed Audits
Scription Frequency Date Last 2018 2019 2018 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019					2017	5 Year Cycle	Human Resources Process Review
Scription Frequency Date Last 2018 2018 2019 2018 2018 2019 2018 2019 2018 2019 2018 2019					2017		Accounting System Access and SOD Review
Audit Plan Year Seassment Audit Plan Year Audit Plan Year					2017	5 Year Cycle	Purchasing Spend Data Audit
Prequency Date Last 2018 2019 20 20 20 20 20 20 20 2					2017	5 Year Cycle	Business Continuity Management Review
Description Frequency Date Last 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019					2016	5 Year Cycle	Right of Way Audit
Description Prequency Date Last 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2017 \$ 25,000					2016	5 Year Cycle	Bond Financing Review
Partition Prequency Performed 2018 2019	×				2015	5 Year Cycle	COSO 2013 Governance Review
Description	×				2017	3 Year Cycle	Public Records Review
Performed Perf	×				2017	3 Year Cycle	Customer Service Center Performance Assessment
Audit Plan Year Performed 2018 2019 20 20 20 20 20 20 20 2		×			NA	5 Year Cycle	P-Card and Gas Card Audit
Performed Perf		×			2014	5 Year Cycle	Sensitive Data / Data Management Review
Performed 2018 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2017 \$ 25,000 \$ 25,000 \$ \$ 15,000 \$ \$ 15,000 \$ \$ 12,0		×			2016	3 Year Cycle	Toll Revenue Audit
Prequency Date Last 2018 2019 20			35,000	€9	2014	5 Year Cycle	Safety and Maintenance Policy and Procedures Compliance Audit
Performed 2018 2019 20 20 20 20 20 20 20 2			40,000	€9	2012	5 Year Cycle	Toll Violations Audit
Performed 2018 2019 20 20 20 20 20 20 20 2			45,000	€9	2017 - Phase I	3 Year Cycle	/ Risk Assessment - Phase
Performed 2018 2019 20 20 20 20 20 20 20 2			26,000	€9	N.	3 Year Cycle	IT General Controls Review
Annual 2017 \$ 25,000 \$ 25,000 \$ Annual 2017 \$ 25,000 \$ 12,000 \$ 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2017 2019 2017 2019 2017 2019 2017 2019 2017 2019 2017 2019 2017 2019 2			35,000	₩	2015	3 Year Cycle	Ethics Policy Compliance Audit
Annual 2017 \$ 25,000 \$ 25,000 \$ Annual 2017 \$ 25,000 \$ 25,000 \$ 25,000 \$ Annual 2017 \$ 25,000 \$ 3.0000 \$ 3.000 \$ 3.000 \$ 3.000 \$ 3.000 \$ 3.000 \$ 3.000 \$ 3.000 \$ 3.000			H	H			Cyclical Audits
Annual 2017 \$ 25,000 \$ 25,000 \$ Annual 2017 \$ 25,000 \$ 25,000 \$ 25,000 \$ 40,000 \$ Annual 2017 \$ 25,000 \$ 25,000 \$ 40,000	_	142,000			Tota		
Performed 2018 2019 20 20 20 20 20 20 20 2			-	69	N/A	Annual	Contingency for Special Projects
Performed 2018 2019 20 20 20 20 20 20 20 2			\dashv	€9	2017	Annual	DHSMV Data Security Assessment
Performed 2018 2019 20 20 20 20 20 20 20 2			\neg	₩	2017	Annual	Procurement & Contract Billing Audits
Annual 2017 \$ 15,000 \$ 15,000 \$		12,000	\neg	49	2017	Annual	Prior Year Recommendations: Semi-Annual Follow-up
Audit Plan Year Date Last 2018 2019 20: Performed \$ 25,000 \$ 25,000 \$		15,000	Н	€	2017	Annual	Board and Audit Committee Meetings
Frequency Date Last 2018 2019				49	2017	Annual	Internal Audit Plan and Risk Assessment
Frequency Date Last 2018 2019						THE RESERVE AND ADDRESS OF THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAMED IN COLUMN TWO IS N	Annual Internal Audits
Audit Plan Year	2020	2019	2018	Ä	Date Last Performed	Frequency	Description
		udit Plan Year	A	1			

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Annual

2017

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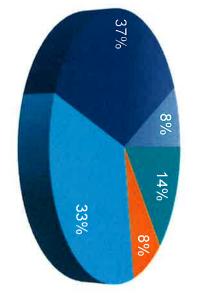
PCI Assessment with Report on Compliance





FY 2018 INTERNAL AUDIT COVERAGE

Grand Total	 Board and Audit Committee Meetings Contingency for Special Projects Requests 	Other	 DHSMV Data Security Assessment IT General Controls Review Information Security Risk Assessment – Phase II Penetration Test Tolling System Replacement Review – Phase III 	Information Technology	 Toll Violations Audit Safety and Maintenance Policy and Procedures Compliance Audit Marketing Retail Transponder Sales Review Wekiva Parkway Cashless Toll Revenue Audit TRAILS Program Review 	Operations	Procurement & Contract Billing Audits	Financial	 Fiscal 2019 Internal Audit Plan and Risk Assessment Prior Audit Recommendations: Semi-Annual Follow-up Ethics Policy Compliance Audit 	Strategic & Governance	
\$499,000	\$15,000 \$25,000		\$25,000 \$26,000 \$45,000 \$46,000 \$40,000	Sec. Sec.	\$40,000 \$35,000 \$25,000 \$40,000 \$25,000		\$40,000		\$25,000 \$12,000 \$35,000	Budget Allocation	
	Annual Annual		Annual 3 Year Cycle 3 Year Cycle 3 Year Cycle As Needed As Needed	N. Tarak	5 Year Cycle 5 Year Cycle As Needed As Needed As Needed		Annual		Annual Annual 3 Year Cycle	Frequency	

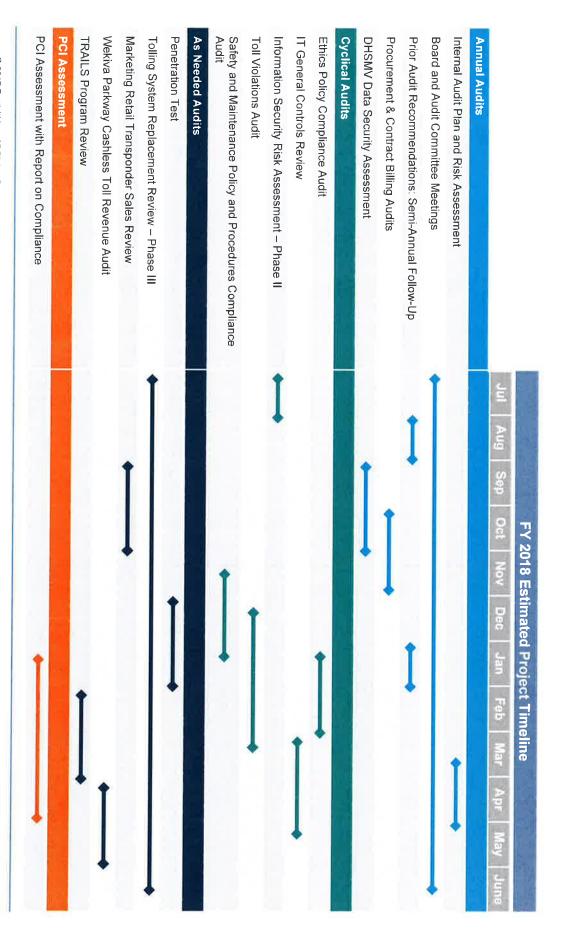


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INTERNAL AUDIT TIMELINE



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FY 2018 INTERNAL AUDIT PROJECT DESCRIPTIONS (1/4)

ø	Ø	4	ω	N	_	#
Ethics Policy Compliance Audit (Cyclical)	DHSMV Data Security Assessment (Annual)	Procurement & Contract Billing Audits (Annual)	Prior Audit Recommendations: Semi- Annual Follow-up (Annual)	Board and Audit Committee Meetings (Annual)	Internal Audit Plan and Risk Assessment (Annual)	Project
CFX has a formal ethics policy in place. Internal Audit will review the policy and (1) leverage leading practices to suggest additional areas for consideration to include in the policy and (2) review compliance with the policy, including the new provisions added as a result of Florida state legislation.	The objective of this assessment is to review internal controls for gaps in design related to the requirements set forth in the DHSMV Drivers License or Motor Vehicle Record Data Exchange Memorandum of Understanding (MOU), Section $V-$ Safeguarding Information.	This audit will encompass a selection of 2 or 3 engineering, construction, maintenance, operations, or legal contracts on an annual, rotational basis, with the objective of verifying that internal controls are in place to ensure work performed for the Expressway Authority under large contracts has been billed in accordance with contractual terms and conditions. The work will include testing pricing and hours worked for accuracy and validity, testing invoice approvals, testing vendor compliance with other contractual obligations, using data analytics to identify high risk vendors and/or change orders, and trending key spend data and other data points for management review and consideration.	This work will focus on semi-annual follow-up on the status of all OPEN action plans from prior year audits. In addition, internal audit will consider re-auditing closed recommendations for selected areas from prior year audits as requested by management or the Audit Committee.	Protiviti will attend Board meetings and prepare for and present at all Audit Committee meetings during fiscal year 2018. This includes document preparation time and preparation time with management and the Audit Committee in advance of meetings.	We will conduct a risk assessment to highlight the Expressway Authority's current year risk profile, to identify risk trends, and to form the foundation for the fiscal year 2018/2019 Internal Audit Plan. In addition, we will conduct the annual review of the completeness of the fraud risk universe and annual refresh of the fraud risk assessment. The information and findings will be utilized to develop the 2018/2019 Internal Audit plan, with a focus on addressing opportunities identified during the risk assessment process.	Project Description
Ethical Compliance	Cyber Security Data Security	Contract Management Contract Performance Reporting Cost Containment Procurement and Vendor Selection	Governance	Governance	Strategic Planning Fraud Governance	Risks
\$35,000	\$25,000	\$40,000	\$12,000	\$15,000	\$25,000	Estimated Cost

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FY 2018 INTERNAL AUDIT PROJECT DESCRIPTIONS (2/4)

350	10	ω	co	7	#
Penetration Test (One-Time)	Safety and Maintenance Policy and Procedures Compliance Audit (Cyclical)	Toll Violations Audit (Cyclical)	Information Security Risk Assessment – Phase II (Cyclical)	IT General Controls Review (Cyclical)	Project
Protiviti will assess the security of networks, devices, and servers as part of a penetration test. This test will be conducted from the Internet and from within the CFX network. This test will identify potential vulnerabilities posed by outdated software, missing patches, or insecure configurations. Attempts will then be made to exploit these vulnerabilities with manual techniques in attempt to gain access to critical systems or data.	The objective of this project will be to review the safety and maintenance policies and procedures in place, including any recent technological enhancements to safety within the system (e.g. new technology measures to help prevent wrong way driving), vendor management programs, and to test compliance with the safety and maintenance policies and procedures.	This audit will focus on reviewing the processes, policies, procedures, technology, and reporting in place around the violations process to verify the process is working as intended. Focus will be on enhancing the efficiencies around the process to review violations and to bill and collect violations revenue. Samples of deleted/voided unpaid toll notices will also be reviewed to verify there is sufficient justification for voiding.	Protiviti will conduct Phase II of the Information Security Risk Assessment. In Phase II, a risk value will be assigned to each asset identified in Phase I so that Management may prioritize in what order to address risks posed to them. This value is based on the likelihood and potential impact of threats posed to these assets, the vulnerabilities they have, and the safeguards surrounding them.	This review will focus on the Expressway Authority's Information Systems area. To accomplish this, we will assess the policies and procedures that are utilized to support the business critical applications and systems at CFX. Our approach will be to focus on the IT General Computer Controls which include the following components: Change Management, Logical Security, Physical Security, Security Administration, IT Organization & Management.	Project Description
Cyber Security Data Security	Maintenance and Safety	Toll Violations Toll Collections IT Change Management Customer Satisfaction	Cyber Security Data Security	IT Application Controls IT Infrastructure/ Business Continuity IT Change Management	Risks
\$46,000	\$35,000	\$40,000	\$45,000	\$26,000	Estimated Cost

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FY 2018 INTERNAL AUDIT PROJECT DESCRIPTIONS (3/4)

15 TRAILS Pro	14	13	2	#
TRAILS Program Review	Wekiva Parkway Cashless Toll Revenue Audit (One- Time)	Marketing Retail Transponder Sales Review	Tolling System Replacement Review – Phase III (One-Time)	Project
This audit will encompass a review of the policies and procedures for the tolling reload lanes on the CEV system that sell transporters, handle a higher encounts of each that the traditional	This audit will focus on reviewing the processes, policies, procedures, technology, monitoring, and reporting in place around the cashless tolling process on the Wekiva Parkway to verify the process is working as intended to monitor completeness and accuracy of revenue capture and prevent revenue leakage.	Given new marketing initiatives, increases in new EPASS accounts, and additional channels for signing up new customers, the project will entail a review of the processes in place to market transponder sales, a review of the channels used to convert new accounts, and how CFX manages physical inventory and sales of transponders through the different channels (consignment versus purchase and sale).	CFX is in the process of replacing the toll plaza collection system. An access control review will be conducted on the Law Enforcement Notification System ("LENS") component of this replacement. Additionally, network vulnerability scans may be conducted on systems that have completed Factory Acceptance Testing but have not been put into production. This will allow Internal Audit to identify potential vulnerabilities to systems prior to their deployment so they may be remediated.	Project Description
Cash Handling	Toll Violations Toll Collections	Cost Containment Customer Satisfaction Public Relations	IT Change Management Toll Collections	Risks
\$35 000	\$40,000	\$25,000	\$40,000	Estimated Cost

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FY 2018 PCI ASSESSMENT (4/4)

17	#
PCI Assessment with Report on Compliance	Project
This project will be to fully test the Expressway Authority's compliance with the PCI Data Security Standard, (PCI-DSS) version 3.2 and issue a Report on Compliance (ROC). The testing will cover all twelve sections of the PCI-DSS.	Project Description
Cyber Security Data Security Public Relations	Risks
\$65,000	Estimated Cost





APPENDIX A INTERNAL AUDIT CHARTER

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INTERNAL AUDIT CHARTER (1/6)

Fiscal 2018 Internal Audit Department Charter **Central Florida Expressway Authority**

*The fiscal 2018 Internal Audit charter has been updated to be consistent with the IIA's standard 2018 charter and to include recent IIA revisions effective January 1, 2017.

Mission & Purpose

governance processes objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and resources are responsibly and effectively managed to achieve intended results. Internal audit helps the Expressway Authority accomplish its and protect organizational value by providing risk-based and objective assurance, advice, and insight into whether the Expressway Authority designed to add value, improve the Expressway Authority's operations, and enhance transparency. The purpose of internal audit is to enhance The mission of internal audit is to provide the Expressway Authority Board with independent, objective assurance and consulting services

Standards & Professionalism

and International Standards for the Professional Practice of Internal Auditing. Internal audit will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics,

operations. In addition, internal audit will adhere to the Expressway Authority's relevant policies and procedures and internal audit's standard operating procedures manual. Internal audit will report periodically to senior management and the Board regarding conformance to the Code of Ethics and the Standards The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide

Authority

administrative purposes, internal audit reports to the Office of the General Counsel. To establish, maintain, and assure that internal audit has audit may be filled by an outside firm that provides internal audit services to the Expressway Authority on an outsourced basis. For sufficient authority to fulfill its duties, the Board will: Internal audit is appointed by the Expressway Authority Board, and reports directly to them through the Audit Committee. The role of internal



INTERNAL AUDIT CHARTER (2/6)

Authority (continued)

- Approve the internal audit charter.
- Approve the risk-based audit plan.
- Approve the internal audit budget and resource plan.
- Make appropriate inquiries of management and internal audit to determine whether there is inappropriate scope or resource limitations Receive communications on internal audit performance relative to its plan and other matters

Everything the Expressway Authority does is subject to assessment by internal audit. The Board authorizes internal audit to

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subject, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized service from within or outside the organization, as approved by the Audit Committee

Internal Audit Plan

the impact of resource limitations and significant interim changes to senior management and the Board audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal year. Internal audit will communicate At least annually, internal audit will submit to senior management and the Board an internal audit plan for review and approval. The internal

management and the Board. Internal audit will review and adjust the plan, as necessary, in response to changes in the organization's business to senior management and the Board through periodic activity reports risks, operations, programs, systems, and controls. Any significant interim changes from the approved internal audit plan will be communicated The internal audit plan will be developed based on a prioritization of audit universe using a risk-based methodology, including input of senior



INTERNAL AUDIT CHARTER (3/6)

Independence And Objectivity

objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If it is determined that independence or Internal audit will remain free of all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased

believe in their work product, that no quality compromises were made, and that they do not subordinate their judgment on audit matters to Internal audit will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they

activity that may impair internal auditor's judgment, including: Authority. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other To ensure independence, internal audit has no direct responsibility or any authority over any of the activities or operations of the Expressway

- Assessing specific operations for which they had responsibility within the previous year
- Performing any operational duties for the Expressway Authority or its affiliates
- Initiating or approving transactions external to the internal audit department.
- Directing the activities of any the Expressway Authority employee not employed by internal audit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors

examined. Internal audit will make a balanced assessment of all the relevant circumstances and take necessary precautions to avoid being the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being unduly influenced by their own interests or by others in forming judgments Internal audit will disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties. Internal audit will exhibit

Board any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results Internal audit will confirm to the Board, at least annually, the organizational independence of internal audit. Internal audit will disclose to the



INTERNAL AUDIT CHARTER (4/6)

internal audit encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to manner to ensure: Expressway Authority. Internal audit assessments include determining whether management's processes are adequate and functioning in a the Board, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes tor the Management is responsible for establishing and maintaining risk management, control, and governance processes. The scope of work of

- Risks relating to the achievement of the Expressway Authority's strategic objectives are appropriately identified and managed
- Interaction with the various governance groups occurs as needed
- information are relevant, reliable and understandable. Significant financial, managerial, and operating information and the means used to identify, measure, analyze, classify, and report such
- governance standards. Employee, officer, director, and contractor actions comply with policies, standards, procedures, and applicable laws, regulations, and
- Resources and assets are acquired economically, used efficiently, and adequately protected
- Results of programs, plans, and operations consistent with established goals and objectives are achieved
- Operations or programs are being carried out effectively and efficiently.
- Expressway Authority. Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the
- Quality and continuous improvement are fostered in control processes
- Significant legislative or regulatory issues are recognized and addressed properly
- Means of safeguarding assets are adequate and, as appropriate, existence of such assets can be verified.
- Organization's risk management processes are effective.
- Quality of performance of external auditors and the degree of coordination with internal audit are appropriate
- Specific operations are evaluated at the request of the Board or management, as appropriate

provided the internal audit department does not assume management responsibility. audit may perform advisory and related client service activities, the nature and scope of which will be agreed with the Expressway Authority, Internal audit also considers relying upon the work of other internal and external assurance and consulting service providers as needed. Internal

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements These opportunities will be communicated to the appropriate level of management



INTERNAL AUDIT CHARTER (5/6)

Responsibility

organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes: Internal audit's responsibility includes, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the

- Ensuring each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of engagement results with applicable conclusions and recommendations to appropriate parties. appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of
- Ensuring the principles of integrity, objectivity, confidentiality, and competency are applied and upheld
- the internal audit charter. Ensuring internal audit collectively possesses or obtain the knowledge, skills, and other competencies needed to meet the requirements of
- and the Board as appropriate. Ensuring trends and emerging issues that could impact the Expressway Authority are considered and communicated to senior management
- Ensuring emerging trends and successful practices in internal auditing are considered
- Establishing and ensuring adherence to policies and procedures designed to guide internal audit activities
- internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Board Ensuring adherence to the Expressway Authority's relevant policies and procedures, unless such policies and procedures conflict with the
- Ensuring conformance of internal audit with the Standards, with the following qualifications:
- appropriate disclosures and will ensure conformance with all other parts of the Standards If internal audit is prohibited by law or regulation from conformance with certain parts of the Standards, internal audit will ensure
- If the Standards are used in conjunction with requirements issued by other authoritative bodies, internal audit will ensure conformance with the Standards, even if internal audit also conforms with the more restrictive requirements of other authoritative bodies



INTERNAL AUDIT CHARTER (6/6)

Reporting And Monitoring

as appropriate. Internal audit results will also be communicated to the Board. A written report will be prepared and issued by internal audit following the conclusion of each internal audit engagement and will be distributed

corrective action that will not be implemented. management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e. within thirty days) by The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and

management and the Board any corrective actions not effectively implemented. All significant findings will remain in an open issues file until Internal audit will be responsible for appropriate follow-up on engagement findings and recommendations, and reporting periodically to senior

engagements and other activities, resource requirements, and any response to risk by management that may be unacceptable to the Expressway Authority will also be communicated periodically to the Board. issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board. Results of audit performance relative to its plan and conformance with the IIA's Code of Ethics. Reporting will also include significant risk exposures and control Internal audit will periodically report to senior management and the Board on internal audit's purpose, authority, and responsibility, as well as

Quality Assurance And Improvement Program

applies the Code of Ethics. The program also assesses the efficiency and effectiveness of internal audit and identifies opportunities for evaluation of internal audit's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal audit Internal audit will maintain a quality assurance and improvement program that covers all aspects of internal audit. The program will include an



APPENDIX B ENTERPRISE RISK ASSESSMENT

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 © 2017 Protiviti Inc. All Rights Reserved. This document has been prepared for use by the Expressway Authority's management, did not and cannot anticipate.





ENTERPRISE RISK MODEL (AS OF MAY 2017)

Compliance	தி்த் Regulatory and			and IT	Operations						S	Ь			No. of the last of	Governance	Strategic and		
42. Maintenance and Safety	41. Contract Management	35. Cyber Security	34. IT Infrastructure/Business Continuity	33. Human Resources	32. IT Application Controls	31. Toll Collections	30. Toll Violations	24. Cash Handling	23. Treasury and Liquidity Management	22. Cost Containment	21. Bond Financing/Covenant Compliance	20. Management Performance Reporting	19. Fraud	6. Statewide Interoperability	5. Access to Capital	4. Regulatory Changes	3. Contingency Planning	2. Organization Structure	1. Strategic Planning
	43. Record		40.	39. Data S	38. Custon	37. Insurar	36. IT Cha		nent 29. Swap Pricing	28. Right of Way	27.	26.	25. Procui	12. Outsourcing	11. Leadership	10. Communication	9. Ethical Compliance	8. Political Environment	7. Governance
	Records Management		Toll Discounts/Rebates	Data Security	Customer Satisfaction	Insurance Coverage	T Change Management		ricing	f Way	Financial Reporting	Contract Performance Reporting	Procurement and Vendor Selection	18. Multimodal Opportunities*	17. Asset and Liability Transfer Risk	16. Toll Rate Management	15. National Interoperability	14. Back Office Consolidation	13. Public Relations

^{*}Represents new risks added for FY 2018. **Bold** represents risks addressed by FY 2018 Internal Audit plan.

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ENTERPRISE RISK MAP - RESIDUAL RISK









APPENDIX C OTHER POTENTIAL AUDITS

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





OTHER POTENTIAL AUDITS (1/4)

Ot	4	ω	N		#
Public Records Review (Cyclical)	Customer Service Center Performance Assessment (Cyclical)	P-Card and Gas Card Audit (Cyclical)	Sensitive Data/Data Management Review (Cyclical)	Toll Revenue Audit (Cyclical)	Project
This review will focus on the Expressway Authority's records management processes and policies to comply with public records laws. Data retention surrounding electronic communications via email, mobile, and voice mail will also be reviewed to identify the technology needed to assist with capturing and retaining data from such communication. Additionally, we will review documentation retention schedules specific to document classification (different types must be kept for a different lengths of time) for consistency with rules established by the Florida Secretary of State.	Protiviti subject matter experts will conduct an audit of the contact center to follow-up on audits conducted during prior fiscal years. The audit will involve a deep-dive review of progress toward the implementation of each prior audit recommendation as well as a comparison of the center's performance against benchmarks and other leading practices through a review of existing data, silent observations of calls and statistical analysis to extrapolate results.	The objective of the project will be to review P-card and Gas procurement expenditures to verify purchases are adequately supported and are for valid business purposes.	The objectives of the project will be to identify if sensitive data is inappropriately stored in locations on the CFX network - in violation of company policy and leading practices. In addition, we will perform a high-level evaluation of the controls over the sensitive data repositories that are identified (if applicable) to determine if potential gaps exist.	This audit will focus on cash toll collections and electronic tolling collections, with the objectives to review (1) controls exist to ensure revenue data captured at the point of origin is completely and accurately recorded to the financial statements, (2) physical safeguarding controls exist around cash (including the use of security and surveillance, data analytics, monitoring and reporting, and counts/other reconciling activities), (3) controls in place around processing revenue adjustments to customer accounts are operating according to policy, and (4) appropriate monitoring and measurements are in place to review toll revenue. Additionally, IT general controls around supporting systems and information technology will be reviewed.	Project Description
Records Management	Back Office Consolidation Cost Containment Customer Satisfaction Public Relations	Cost Containment Fraud	Cyber Security Data Security	Toll Collections Cash Handling	Risks
\$30,000	\$48,000	\$20,000	\$40,000	\$75,000	Estimated Cost

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OTHER POTENTIAL AUDITS (2/4)

10	ω		7	6	#
Purchasing Spend Data Audit (Cyclical)	Business Continuity Management Review (Cyclical)	Right of Way Audit (Cyclical)	Bond Financing Review (Cyclical)	COSO 2013 Governance Review (Cyclical)	Project
This review will focus on a 100% interrogation of spending data over a three to five year history to identify opportunities for recovery such as vendor overpayments, unused vendor credits, etc. We will use proprietary tools to review the Expressway Authority's detailed spend data for areas of leakage and audit against contracts and other available information as red flags are identified. As a side benefit to any actual recoveries, we will also focus on identifying potential frauds, root causes and process improvement opportunities.	This review will focus on how CFX manages Business Continuity, including IT Disaster Recovery plans and Crisis Management. The review will include an assessment of the documented plans as well as the foundational efforts that were performed to create them (such as a Business Impact Analysis).	This audit will include a review of the processes and procedures in place to manage Right of Way land acquisitions and may include a review of legal counsel responsibilities, involvement of the ROW Committee, and internal controls around managing legal counsel and other third party costs and overall purchase price. The review may include a trending analysis of appraised cost values for recent purchases and a review of outliers.	CFX has \$2.8B of bonds issued and outstanding with varying terms. As part of this project, we will perform a risk assessment of the financing process, a review of the policies (including policies to procure the financial advisor, underwriter, attorneys, and others involved in the financing process), and a review of the process to structure financing deals and manage existing portfolio risk. This project may also include a review of the process to monitor bond covenant compliance.	This audit will involve an evaluation of the Expressway Authority's governance procedures and internal controls leveraging the COSO2013 internal control framework and the new COSO ERM framework.	Project Description
Cost Containment Fraud Procurement and Vendor Selection	Business Continuity	Cost Containment Public Relations Records Management	Bond Financing/Covenant Compliance	Governance Ethical Compliance	Risks
\$35,000	\$32,000	\$30,000	\$40,000	\$25,000	Estimated Cost







OTHER POTENTIAL AUDITS (3/4)

1 5	14	ů	12	2	#
ISO 27001 Information Security Review (One-Time)	Customer Service Management and Lane Scheduling Review (One- Time)	Social Media Process Review (One-Time)	Human Resources Process Review (Cyclical)	Accounting System Access and Segregation of Duties Review (Cyclical)	Project
This review will compare the Expressway Authority's information security practices and procedures to the ISO 27001 framework. This framework is widely recognized as the benchmark for assessing/creating overall information security programs.	This project will entail a review of the process and technology in place to manage the scheduling of toll collectors on the system, lane management, and use of traffic studies to drive scheduling by URS/AECOM in relation to customer service impact.	This audit will encompass a review of the policies and procedures surrounding CFX social media use and communication, and comparing those policies and procedures to other business of similar complexity. The following areas will be reviewed: Develop and Communicate Strategy. Sustain Leadership, Promote Culture, Manage Community, Refresh Content and Programming, Enforce Policies and Governance, Deploy Tools, Measure and Report.	During the Human Resource Process review, we will evaluate the Human Resource process, policies, procedures and related internal controls. The review may include recruiting and hiring; training; performance evaluations; performance, reward, and recognition; and employee terminations. The HR process and controls will be reviewed for compliance with policies and comparison to leading HR practices. Lastly, the succession planning strategy may be reviewed and compared to leading practices.	The financial close and related accounting processes will be reviewed for appropriate segregation of duties among CFX personnel, Protiviti-developed tools will be leveraged to verify segregation for each key accounting cycle around the following: Physical custody of assets, adjustments to accounting records, approvals of accounting transactions, and review responsibilities. In addition, we will also review access rights within the Eden financial package to verify system access restrictions appropriately support segregation of duties and to identify segregation of duties conflicts within the system, We will recommend compensating monitoring controls to the extent necessary.	Project Description
Cyber Security Data Security	Customer Satisfaction	Public Relations Communication	Human Resources Succession Planning	Financial Reporting Fraud	Risks
\$45,000	\$40,000	\$30,000	\$25,000	\$25,000	Estimated Cost

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OTHER POTENTIAL AUDITS (4/4)

6	#
IT Service Management Review (One-Time)	Project
This review will focus on IT operational effectiveness and entail the following: (1) Processes for receiving, responding to and prioritizing requests for work; (2) Program and project management procedures and governance entities; (3) Review of overall roles and responsibilities for alignment with technology strategy and business objectives; (4) Review of IT service management procedures (potentially using ITIL); (5) Analyze the procedures for communication and transparency of IT projects and effectiveness; (6) Compare with leading practices, evaluate maturity, and provide specific recommendations for effectiveness/ efficiency.	Project Description
IT Infrastructure IT Applications Strategic Planning Communication	Risks
\$50,000	Estimated Cost







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