

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

AGENDA
CENTRAL FLORIDA EXPRESSWAY AUTHORITY
AUDIT COMMITTEE MEETING
June 20, 2018
9:30 AM

Meeting location: Central Florida Expressway Authority
Pelican Room #107
4974 ORL Tower Road
Orlando, FL 32807

- A. CALL TO ORDER**
- B. PUBLIC COMMENT** – Pursuant to Florida Statute 286.0114 the Audit Committee will allow public comment on any matter either identified on this meeting agenda as requiring action, or anticipated to come before the Committee for action in reasonable proximity to this meeting. Speakers shall be limited to three minutes per person and the assignment of one person's time to another or designation of group spokesperson shall be allowed at the discretion of the Committee Chairman.
- C. APPROVAL OF FEBRUARY 21, 2018 MINUTES** – (Action Item)
- D. RECOMMENDATION OF INTERNAL AUDITOR** – Lisa Lumbar, CFO – (Action Item)
- E. INTERNAL AUDIT MATTERS** – Protiviti
1. Status Update: Fiscal 2018 Internal Audit Plan – (Info Item)
 2. Review and Acceptance of 2018 Internal Audit Reports – (Action Items)
 - a. Ethics Policy Compliance Audit
 - b. Tolling System Replacement Review Phase III Vulnerability Scanning
 - c. IT General Controls Review
 - d. Pay By Plate Audit (Toll Violations and Wekiva Parkway Cashless Toll Revenue Audits)
 3. Physical Security Assessment – (Info Item)
 4. Review and Acceptance of the Fiscal 2019 Internal Audit Plan – (Action Item)
 5. Annual Confirmation of No Disagreements with Management – (Info Item)
 6. Annual Discussion Regarding Internal Audit Performance and Effectiveness – (Info Item)
- F. ANNUAL MANAGEMENT OF INTERNAL CONTROL MATTERS** – (Info Items)
1. Effectiveness of the Internal Control System, Including IT Security and Control – Lisa Lumbar, CFO
 2. Process for Assessing, Monitoring and Controlling Significant Risks – Lisa Lumbar, CFO
 3. System for Monitoring Compliance with Laws and Regulations – Joe Passiatore, General Counsel
 4. Adequacy, Administration and Compliance with the Authority's Code of Ethics – Joe Passiatore, General Counsel
 5. Procedures for "Hotline" Reporting – Joe Passiatore, General Counsel
- G. ANNUAL DISCUSSION REGARDING AUDIT COMMITTEE AND INDIVIDUAL MEMBER PERFORMANCE**

H. CONFIRMATION OF COMPLETION OF RESPONSIBILITIES IN THE AUDIT COMMITTEE CHARTER

I. OTHER BUSINESS

J. ADJOURNMENT

This meeting is open to the public.

Section 286.0105, Florida Statutes states that if a person decides to appeal any decision made by a board, agency, or commission with respect to any matter considered at a meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

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

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

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

DRAFT MINUTES

CENTRAL FLORIDA EXPRESSWAY AUTHORITY AUDIT COMMITTEE MEETING

February 21, 2018

Location: Pelican Conference Room 107

Committee Members Present:

Kaye Dover, Osceola County Representative, Chairman
Bruce McMenemy, Seminole County Representative
Brian Battles, City of Orlando Representative
Kristy Mullane, Lake County Representative
Eric Gassman, Orange County Representative
Megan Zee, Citizen Representative

Also Present:

Mala Iley, Recording Secretary/Paralegal
Laura Kelley, Executive Director
Lisa Lumbard, CFO
Linda Lanosa, Deputy General Counsel
Michael Carlisle, Director of Accounting and Finance
Corey Quinn, Chief of Technology/Operations
Aneth Williams, Director of Procurement
Jeff Tecau, Protiviti
Phil Fretwell, Protiviti
Teresa Mallery, Protiviti
David Taylor, Protiviti
Chris Porter, Protiviti

1. CALL TO ORDER

The meeting was called to order at 1:00 p.m. by Chairman Kaye Dover.

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF MINUTES

Ms. Dover stated the date should be corrected on page three of the draft minutes.

A motion was made by Mr. Gassman and seconded by Ms. Mullane to accept the changes recommended by Chairman Kaye Dover and to accept the October 26, 2017 Audit Committee minutes. The motion carried unanimously with six members present and voting AYE by voice vote.

4. INTERNAL AUDIT MATTERS

A. Status Update: Fiscal 2018 Internal Audit Plan

Jeff Tecau of Protiviti presented an update on the Status of the Fiscal Year 2018 Internal Audit Plan.

(This item was presented for information only. No formal committee action was taken.)

B. Review and Acceptance of Prior Recommendations Follow-Up

Teresa Mallary of Protiviti presented the Prior Recommendations Follow-Up for review and acceptance.

A motion was made by Mr. Battles and seconded by Ms. Zee to accept the Prior Recommendations Follow-up as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

C. Review and Acceptance of Procurement and Contract Billing Audits

Ms. Mallary presented the Procurement and Contract Billing Audit for review and acceptance.

A motion was made by Ms. Mullane and seconded by Mr. McMenemy to accept the Procurement and Contract Billing Audits as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

D. Review and Acceptance of Safety and Maintenance Policies and Procedures Compliance Audit

Ms. Mallary presented the Safety and Maintenance Policies and Procedures Compliance Audit for review and acceptance.

A motion was made by Mr. Battles and seconded by Mr. McMenemy to accept the Safety and Maintenance Policies and Procedures Compliance Audit. The motion carried unanimously with six members present and voting AYE by voice vote.

E. Review and Acceptance of TRAILS Program Review

Ms. Mallary presented the TRAILS Program Review Audit for review and acceptance.

A motion was made by Mr. Battles and seconded by Mr. Glassman to accept the TRAILS Program Review Audit as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

F. Review and Acceptance of DHSMV Data Security Assessment

David Taylor of Protiviti presented the DHSMV Data Security Assessment for review and acceptance.

A motion was made by Ms. Mullane and seconded by Mr. Battles to accept the DHSMV Data Security Assessment as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

G. Review and Acceptance of PCI Assessment with Report on Compliance

Mr. Taylor presented the PCI Assessment with Report on Compliance for review and acceptance.

A motion was made by Mr. Battles and seconded by Mr. Gassman to accept the PCI Assessment with Report on Compliance as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

5. ANNUAL REVIEW AND APPROVAL OF THE AUDIT COMMITTEE CHARTER

Mr. Tecau presented the Annual Review of the Audit Committee Charter.

A motion was made by Mr. Battles and seconded by Mr. Glassman to accept the Audit Committee Charter as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

6. REVIEW OF RFP FOR INTERNAL AUDIT SERVICES AND DESIGNATION OF COMMITTEE MEMBER TO SERVE ON EVALUATION COMMITTEE

Linda Lanosa Brehmer, Deputy General Counsel, presented the RFP for Internal Audit Services. Lisa Lumbard, CFO, presented a handout to the Committee regarding the RFP's pending dates. It was decided to merge the Internal Audit Services and PCI Audit Services agenda item number 7 into one RFP. Mr. Battles agreed to serve on the RFP Evaluation Committee.

A motion was made by Mr. Glassman and seconded by Ms. Mullane to accept and merge the Internal Audit Services and PCI Audit Services into one RFP, with Brian Battles placed on the committee. The motion carried unanimously with six members present and voting AYE by voice vote.

7. REVIEW OF RFP FOR PCI AUDIT SERVICES AND DESIGNATION OF COMMITTEE MEMBER TO SERVE ON EVALUATION COMMITTEE

See agenda item number 6 above.

8. REVIEW AND APPROVAL OF FISCAL 2019 INTERNAL AUDIT BUDGET

Ms. Lumbard presented the Fiscal 2019 Internal Audit Budget for review and approval.

A motion was made by Mr. Glassman and seconded by Ms. Zee to accept the Fiscal 2019 Internal Audit Budget as presented. The motion carried unanimously with six members present and voting AYE by voice vote.

9. OTHER BUSINESS

None.

10. ADJOURNMENT

The meeting adjourned at 2:25 p.m.


Minutes approved on _____, 2018.

Pursuant to the Florida Public Records Law and CFX Records Management Policy, audio tapes of all Board and applicable Committee meetings are maintained and available upon request to the Records Management Liaison Officer at publicrecords@CFXway.com or 4974 ORL Tower Road, Orlando, FL 32807.

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

MEMORANDUM

TO: CFX Audit Committee Members

FROM:  Joseph Passiatore, General Counsel

DATE: May 8, 2018

SUBJECT: Recommendation of Contract Award to Protiviti, Inc. for
Internal Auditor Services
Contract No. 001391

A Request for Proposals (RFP) from qualified firms was advertised on February 25, 2018. Responses were received from two (2) firms, Protiviti and RSM US LLP, by the March 26 deadline. Since CFX received less than three responses the Director of Procurement met with both General Counsel and the CFO to determine if to accept the proposals or readvertise. After CFX's Procurement Department called other firms that downloaded the RFP but did not submit, it was decided to go forward with the two responses.

The Evaluation Committee shortlisted both firms and interviews were held on April 18. At the conclusion of the interviews the Price Proposals were opened and scored. The combined scores for the Technical Proposals and Price Proposals were calculated and the result is shown below:

<u>Ranking</u>	<u>Firm</u>	<u>Avg. Total Points</u>
1	Protiviti	95.75
2	RSM US LLP	90.86

The minutes of the Evaluation Committee's shortlisting meeting and scoring summary sheet are included in the package.

The Audit Committee's recommendation for award is requested.

RFP-001391 Committee Meeting April 18, 2018 Minutes

Evaluation Committee for **Internal Auditor Services; RFP-001391**, held a duly noticed meeting on Wednesday, April 18, 2018, commencing at 1:00 p.m. in the Pelican Conference Room at the CFX Administrative Bldg., Orlando, Florida.

Committee Members:

Joseph Passiatore, General Counsel
Lisa Lumbar, CFO
Corey Quinn, Chief of Technology/Operations
Brian Battles, Audit Committee

Other Attendees:

Aneth Williams, CFX Director of Procurement

Absent Committee Member

Jim Greer, Director of IT

Discussion and Motions:

Aneth commenced the meeting with introductions and explained that today's meeting was to conduct interviews of the proposers, open the price proposals, finalize the evaluation, and make a recommendation to be presented to the Audit Committee.

Interviews:

Aneth commenced each interview with an outline of the interview process. For the record it was stated the interview portion of the meeting is closed to the public and is being recorded in accordance with Florida Statute.

Protiviti, Inc.	01:00 – 01:30 p.m.
RSM US LLP	01:50 – 02:50 p.m.

Upon completion of the last interview the recorder was stopped and the meeting was considered no longer closed to the public.

Evaluation Portion:

The committee members individually scored the interviews and submitted their score sheets to Aneth. Aneth tallied the score sheets utilizing the raw scores assigned by each committee member and averaged the raw scores for each Proposal received. Below are the results:

<u>Proposer</u>	<u>Total Raw Points</u>	<u>Average Points</u>
Protiviti, Inc.	343	85.75
RSM US LLP	324	81.00

Pricing

Upon completion of the evaluation of the technical portion, the price proposals were opened and scored in accordance with the RFP requirements.

<u>Proposer</u>	<u>Total Price</u>	<u>Points</u>
Protiviti, Inc.	\$863,575.00	10.00
RSM US LLP	\$876,125.00	9.86

Total Points and Rankings

<u>Proposer</u>	<u>Tech. Points</u>	<u>Pricing Points</u>	<u>Total Points</u>	<u>Ranking</u>
Protiviti, Inc.	85.75	10.00	95.75	1
RSM US LLP	81.00	9.86	90.86	2

The scores were announced publicly in the presence of the proposers. Upon further review of the scores, an addition error on Committee member Passiatore's technical scoring was corrected from 96 to 86. This correction did not change the ranking of the firms.

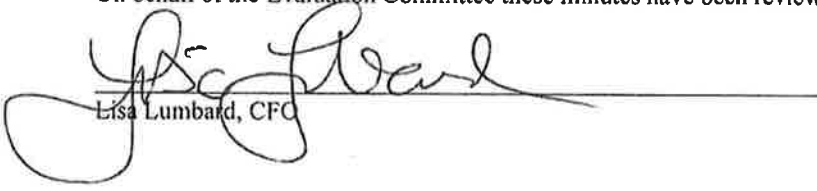
The Committee members agreed that Protiviti, Inc. would be recommended to the Audit Committee for award.

There being no further business to come before the Committee, the meeting was adjourned at 2:48 p.m. These minutes are considered to be the official minutes of the interview, opening of the Price Proposals and final evaluation by the Evaluation Committee at its meeting held Wednesday, April 18, 2018.

Submitted by:


Aneth Williams, CFX Director of Procurement

On behalf of the Evaluation Committee these minutes have been review and approved by:


Lisa Lombard, CFO

CENTRAL FLORIDA EXPRESSWAY AUTHORITY
 TECHNICAL AND PRICE PROPOSAL SCORING SUMMARY
 INTERNAL AUDITOR SERVICES; Contract No. 001391

EVALUATOR	PROTIVITI, INC		RSM US LLP		TECHNICAL	PRICE	TECHNICAL	PRICE	TECHNICAL	PRICE
	TECHNICAL	PRICE	TECHNICAL	PRICE						
Joseph Passiatore	90		86							
Lisa Lombard	87		82							
Corey Quinn	82		75							
Brian Battles	84		81							
TOTAL	343		324							
AVG. TECH. POINTS	85.75		81.00							

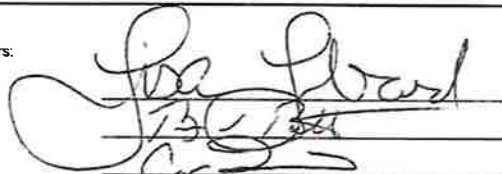
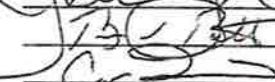
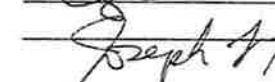
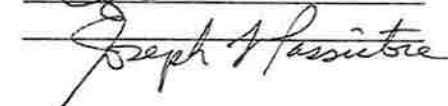
PRICE PROPOSAL SUMMARY

PROPOSER	PROPOSAL AMOUNT	POINT VALUE
PROTIVITI, INC.	\$863,575.00	10.00
RSM US LLP	\$876,125.00	9.86

POINT TOTALS AND FINAL RANKING

PROPOSER	TECHNICAL POINTS	PRICE POINTS	TOTAL POINTS	FINAL RANKING
PROTIVITI, INC.	85.75	10.00	95.75	1
RSM US LLP	81.00	9.86	90.86	2

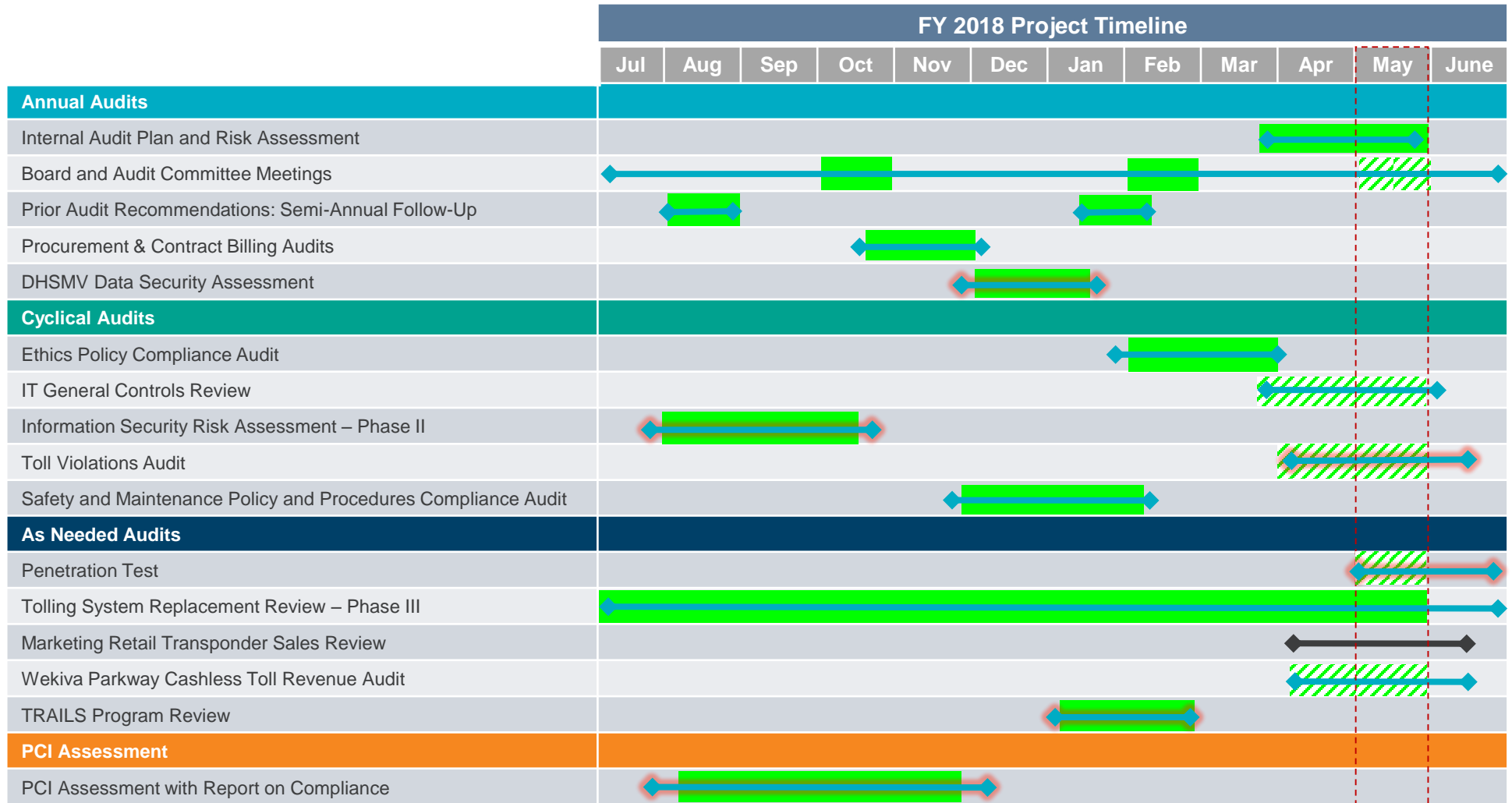
Committee Members:

4/18/2018
 4/18/2018
 4/18/2018
 4/18/2018

FY 2018 Internal Audit Dashboard

May 2018



◆→ Plan ◆→ Revised Plan ◆→ Canceled ● Complete ▨ In-Process

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

Ethics Policy Compliance Review

January 31, 2018

TABLE OF CONTENTS



3 Executive Summary

5 Detailed Observations

EXECUTIVE SUMMARY



Overview

The Central Florida Expressway Authority (“CFX”) operates for the benefit of the public. As such, CFX strives to conduct business in accordance with the highest standard of ethics. The CFX Code of Ethics governs board members, committee members, employees, and consultants in the performance of their duties and obligations to CFX and serves as the standard for official conduct.

As part of a three year audit cycle outlined in the 2018 Internal Audit Plan, Internal Audit has completed a review of CFX’s compliance with the Code of Ethics. Internal Audit last reviewed the compliance with the Code of Ethics in March 2015.

Subsequent to the March 2015 review, the Code of Ethics was modified in December 2015 to enact the Code of Ethics of Florida Statutes, Chapter 112, Part 3, the political activity standards of Florida Statutes, Section 104.31, and the ethical standards of Florida Statutes, Section 348.753. Additionally, the Code of Ethics was further modified in April 2018 to prohibit consultants from holding conflicting employment or contractual relationships. The April 2018 modification was enacted after the period under audit, which covered January 1, 2016 through January 31, 2018. Therefore, these changes were out of scope for this audit.



Objectives, Scope, and Approach

The objectives of this audit were to (1) review CFX’s ethics compliance process and related monitoring controls for design and operating effectiveness, and (2) assess CFX board and committee member, employee, and consultant compliance with the Code of Ethics.

The Ethics Policy Compliance Review was performed using the following approach:

1. Conducted interviews with CFX management regarding policy, applicable Florida Statutes, procedures, key personnel, and compliance reporting;
2. Reviewed the Code of Ethics and the following Florida Statutes to identify compliance requirements:
 - a) Chapter 112, Part III,
 - b) Section 348.753, and
 - c) Section 104.31;
3. Evaluated CFX’s process for monitoring compliance with the Code of Ethics by evaluating the following processes:
 - a) Communication and Awareness,
 - b) Training and Reinforcement,
 - c) Change Management,
 - d) Potential Conflict and Financial Disclosure Monitoring, and
 - e) Penalties and Enforcement;

EXECUTIVE SUMMARY



Objectives, Scope, and Approach (continued)

4. For the period January 1, 2016 through January 31, 2018, assessed CFX board and committee member, employee, and consultant compliance with the Code of Ethics; and
5. Identified opportunities to enhance CFX's ethics compliance management process and controls.



Summary of Results

Internal Audit evaluated CFX's ethics compliance management processes, internal controls, and the related design and operating effectiveness of the controls based on the requirements of the Code of Ethics and the applicable Florida Statutes. Two opportunities were identified that, if implemented, will strengthen CFX's overall ethics compliance management and internal control environment. The table below provides an overview of the areas reviewed and the opportunities identified.

Area	Procedures Performed	Observation	Observation #
Communication and Awareness	<ul style="list-style-type: none"> ✓ Evaluated the efficiency and effectiveness of communication to internal and external parties regarding ethics requirements ✓ Evaluated the operational effectiveness of the process to obtain internal and external party acknowledgement of the Code of Ethics 	Code of Ethics Communication	2
Training and Reinforcement	<ul style="list-style-type: none"> ✓ Evaluated Board, Committee, employee, and consultant compliance with training and disclosure requirements 	-	-
Change Management	<ul style="list-style-type: none"> ✓ Evaluated the process to communicate Code updates and changes 	-	-
Potential Conflict and Financial Disclosure Monitoring	<ul style="list-style-type: none"> ✓ Reviewed the process for reporting and monitoring ethics concerns and alleged violations 	-	-
Penalties and Enforcement	<ul style="list-style-type: none"> ✓ Evaluated penalty and enforcement procedures for noncompliance 	Disclosure Requirements	1

DETAILED OBSERVATIONS

DETAILED OBSERVATIONS

Observation 1 – Potential Conflict Disclosure Requirements

Relative Priority: **Moderate**



Observation

All CFX employees, board members, committee members, and consultants are required to complete and submit a Potential Conflict Disclosure Form at the beginning of a relationship with CFX and to update the forms annually (or as needed in accordance with any changes to the party's circumstances). Each party completes the form to acknowledge receipt of the CFX Code of Ethics and to disclose any relationships, lobbyists, or property interests that could potentially create a prohibited conflict of interest. In addition, employees certify that the annual ethics training has been completed. Potential Conflict Disclosure Forms are to be completed, signed, and submitted prior to July 1st of each fiscal year.

For fiscal year 2017, there were 177 Potential Conflict Disclosure Forms required to be completed: 74 employees, 10 board members, 31 committee members, and 62 consultants. Of the 177 required disclosure forms, 15 forms were not received from 14 consultants and 1 Right of Way Committee alternate. CFX was aware of the non-compliance prior to the audit and followed up with each party, but was unable to obtain the Potential Conflict Disclosure Forms.

Internal Audit selected 53 of the 162 Potential Conflict Disclosure Forms that were submitted for detailed testing and identified the following instances of noncompliance:

- Three consultants responded “No” to the acknowledgement and acceptance of the CFX Code of Ethics;
- Two consultants completed an outdated form that did not contain an acknowledgement and acceptance of the CFX Code of Ethics; and
- One consultant submitted an incomplete Potential Conflict Disclosure Form.

Root cause

The protocols to respond to and escalate discussion around non-compliant consultants are not clearly defined.

Additionally, CFX's review of completed Potential Conflict Disclosure Forms does not entail a formal process that would certify that forms returned have been completed using the most current version of the disclosure form, that all applicable questions have been answered, and that responses are appropriate.

DETAILED OBSERVATIONS

Observation 1 – Potential Conflict Disclosure Requirements (continued)

Relative Priority: **Moderate**



Recommendation

1. CFX should develop formal, written procedures to define:
 - a) Ethics compliance management roles and responsibilities;
 - b) Consultants required to complete disclosure forms;
 - c) Follow-up and escalation procedures for non-compliant parties;
 - d) The reporting of non-compliance to the Ethics Officer; and
 - e) Certification by the Ethics Officer that disclosure forms have been received and reviewed, and that appropriate follow-up procedures were performed as necessary.
2. An opportunity exists to improve the efficiency and effectiveness of the Potential Conflict Disclosure Form collection and review process. To aid in monitoring the completeness and accuracy of Form submissions, CFX should consider the costs and benefits of developing an online portal for consultants to complete and submit the disclosure form. The online form could be created to include automated rejections for incomplete responses and an automatic “flag” of inappropriate responses for CFX review. Additionally, CFX should explore options to simplify the format of questions and clarify that responses should only address those within the consultants’ organizations directly associated with the CFX contract.

In the interim, CFX should enhance the precision of the current review process to include verification that forms returned have been completed using the most current version of the form, that all applicable questions have been answered, and that responses are appropriate.

Management Response

Management concurs.

DETAILED OBSERVATIONS

Observation 1 – Potential Conflict Disclosure Requirements (continued)

Relative Priority: **Moderate**



Management Action Plan

1. CFX will develop formal, written procedures to outline ethics compliance management roles and responsibilities, consultants required to complete required disclosure forms, follow-up and escalation procedures for non-compliant parties, reporting to the Ethics Officer, and timely certification by the Ethics Officer that disclosure forms have been received and reviewed and that follow-up procedures were performed as necessary for non-compliant parties.
2. Management will consider developing an online Potential Conflict Disclosure Form within the Procurement Portal. In the meantime, CFX will enhance the precision of the review to identify incomplete forms and inappropriate responses, and explore options to simplify the format of questions such as clarifying that responses should only address those within the consultants' organizations directly associated with the CFX contract.

Action Plan Owner / Due Date

Joe Passiatore, General Counsel / 8/31/2018; Lisa Lombard, CFO / 9/30/2018

DETAILED OBSERVATIONS

Observation 2 – Communication and Awareness

Relative Priority: **Low**



Observation

The CFX Code of Ethics is posted on the CFX website within the Investor Relations and Legal pages. At the time of audit, the Legal page contained an outdated version of the Code of Ethics approved in March 2015. The current Code of Ethics was adopted by the Board in December 2015.

Root Cause

Modifications to the CFX website are not managed by one department. In addition, there is no formal procedure or process for the periodic review of the accuracy of information posted to the website.

Recommendation

1. CFX should replace the Code of Ethics on the Legal page of the website with the most current version.
2. To enhance future version control and change management procedures around information on the CFX website, CFX should streamline the process of adding or updating information on the CFX website by limiting access to modify the website to the CFX communications department. Website modifications should be submitted to the communications department, with the appropriate level of approval from the applicable department.
3. Quarterly, the communications department should coordinate with department leads to confirm relevant, current information is on the website and to review and verify the accuracy of the information published.

DETAILED OBSERVATIONS

Observation 2 – Communication and Awareness (continued)



Management Response

Management concurs.

Management Action Plan

1. CFX has updated the Code of Ethics published with the Legal page of the CFX website.
2. The communications department will review the website user access rights and create a formal procedure for requesting and updating information published on the website.
3. CFX will implement an annual review of all information, policies, and communications posted to the website. The Communications Manager will coordinate with department heads to verify that the external website contains the most up-to-date information.

Action Plan Owner / Due Date

Angela Melton, Communications Manager / 9/30/2018

Face the Future with Confidence

© 2018 Protiviti Inc. All Rights Reserved. This document has been prepared for use by CFX's management, audit committee, and board of directors. This report provides information about the condition of risks and internal controls at one point in time. Future events and changes may significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.

protiviti®

Memo Description:

This memo provides a summary of the vulnerability scans conducted for Phase II of the Toll System Replacement (“TSR”) / Change Management Audit.

Objectives:

In accordance with CFX’s 2018 Internal Audit (“IA”) Plan, IA performed vulnerability scans to attempt to determine if vulnerabilities existed on systems planned to support the new tolling system. Vulnerabilities are weaknesses on systems such as missing patches, outdated software, or insecure configurations.

Scope and Approach:

As part of this review, IA reviewed documentation regarding the systems planned to support the new tolling system. The systems supporting four (4) locations were ready to be scanned within Fiscal Year 2018. These systems were:

- Boggy Creek Mainline – 11 systems
- Pine Hills Mainline – 11 systems
- Conway Mainline – 12 systems
- Shingle Creek Mainline – 13 systems

Results:

Across the four (4) groups of systems, there were 10 Critical vulnerabilities and one (1) High vulnerability, in addition to other Medium and Low vulnerabilities. IA suggested the Critical and High vulnerabilities be remediated prior to deploying the systems into the CFX environment. Transcore remediated the Critical and High vulnerabilities during fieldwork. IA conducted rescans to confirm vulnerabilities had been remediated.

Information Technology General Controls Review

Central Florida Expressway Authority

May 25th 2018

Table of Contents

I.	Executive Summary.....	1
II.	Scope and Approach.....	2

Information Technology General Controls Review

I. Executive Summary

Overview

This report represents the results of the Information Technology (“IT”) General Controls Review conducted by Internal Audit (“IA”) for the Central Florida Expressway Authority (“CFX”). IA reviewed the IT general controls in place for five (5) non-Payment Card Industry (“PCI”) applications, including EDEN, VES, iMars, InfoView, and the CFX FTP site.

Summary of Observations

Four (4) observations were identified during this review. The observations were related to these areas:

- User reviews
- User authentication
- System accounts
- Job history

Information Technology General Controls Review

II. Scope and Approach

Scope

IA reviewed key processes and controls over five (5) non-PCI applications, including EDEN, VES, iMars, InfoView, and the CFX FTP site. IT General Controls were tested as a part of this review in order to assess each application's control structure. These applications were chosen based on their function and criticality within the environment as determined by CFX IT personnel.

Approach

IA's approach to performing the IT General Controls review includes assessing the following areas:

- Logical Access (password parameters, user access reviews)
- Change Management (segregation of duties, change approvals and testing evidence)
- Computer Operations (backups, batch job monitoring)
- Physical Security (datacenter access)
- Security Administration (IT policies and procedures, access provisioning process)
- IT Organization (documentation of roles and responsibilities)

IA reviewed the five (5) applications described above for potential issues related to these areas.



CENTRAL FLORIDA EXPRESSWAY AUTHORITY

*Pay By Plate Audit

April 27, 2018

*This Pay By Plate Audit report reflects the combined output of the Toll Violations and the Wekiva Parkway Cashless Toll Revenue Audits that were separately approved as part of the 2018 Internal Audit Plan

TABLE OF CONTENTS



3 Executive Summary

6 Detailed Observations

EXECUTIVE SUMMARY



Overview

The Central Florida Expressway Authority (“CFX”) has 118 centerline miles, 815 lane miles (including ramps), and 14 mainline toll plazas and 64 ramp toll plazas across its five major roadways. Each of the main toll plazas offer electronic toll collections, cash toll collections through manned lanes, or automatic coin machines.

In March 2018, CFX opened the Wekiva Parkway, the first expressway on the CFX system to feature All Electronic Tolling. With no toll plazas on the parkway, travelers can either pay automatically using an electronic tolling transponder or pay later using CFX’s Pay By Plate process. Pay By Plate customers are issued an invoice by mail and may pay the invoice online, by mail, over the phone, or in person at the E-PASS Customer Service Center.

CFX engaged Egis Projects, Inc. (“Egis”), a third party contractor, to manage Pay By Plate license image reviews, Pay By Plate invoicing, and to support the customer contact center. CFX Toll Operations manages the Egis contract and provides management oversight for the Pay By Plate program.

Internal Audit conducted a review of CFX’s processes and technology in place to manage Pay By Plate program. This Pay By Plate Audit report reflects the combined output of the Toll Violations and the Wekiva Parkway Cashless Toll Revenue Audits that were separately approved as part of the 2018 Internal Audit Plan.



Objectives, Scope, and Approach

The objective of this audit was to evaluate the completeness and accuracy of revenue captured for Pay By Plate transactions, including the capture of license plate images, invoice and citation processing, cash collection, and financial reporting.

To execute this audit, Internal Audit performed the following procedures:

Phase I – Processes and Controls Walkthrough

Internal Audit analyzed the current state of CFX’s Pay By Plate processes, supporting technology, and related internal controls surrounding the capture, billing, collection, and recording of revenue related to Pay By Plate transactions. The following activities were performed to evaluate the design effectiveness of key internal controls:

- Reviewed CFX’s written processes, procedures, and business rules;
- Interviewed CFX personnel, including members of the Information Technology (IT), Operations, and Accounting and Finance departments;
- Performed walkthroughs of the Pay By Plate process and key internal controls; and
- Evaluated the design of those key internal controls and identified control gaps.

EXECUTIVE SUMMARY



Objectives, Scope, and Approach (continued)

Phase II – Detailed Internal Control Testing

For the testing period of October 2017, there were approximately 3.5 million Pay By Plate transactions. Internal Audit performed detailed testing procedures on a sample basis to evaluate the operating effectiveness of the key internal controls surrounding the following risk areas:

- Accuracy of matching plate images to corresponding driver information;
- Completeness, accuracy, and timeliness of Pay By Plate invoicing;
- Completeness and timeliness of follow-up procedures for Pay By Plate invoices not resolved within the deadline;
- Completeness of Uniform Traffic Citations (“UTCs”) issued to habitual toll violators or motorists who repeatedly avoid CFX’s Violation Enforcement System;
- Accuracy of the look-up and processing of out-of-state tags;
- Completeness of invoice payments and revenue recorded; and
- Pay By Plate invoices and customer accounts adjustment.

Phase III – IT Systems Review

Internal Audit reviewed the change management, logical security, and operations controls on the following information technology applications that support the revenue capture for Pay By Plate transactions:

- TRIMS (Toll Revenue Integrated Management System)
- VES (Violation Enforcement System)

Wekiva Parkway only:

- Infinity Digital Lane System (The software used to compile all toll plaza activities)
- Q-Free (The system used to review the license plate images)

A detailed review of the supporting systems was out of scope for this review.

EXECUTIVE SUMMARY



Summary of Results

Internal Audit evaluated CFX's Pay By Plate processes, key internal controls, and the related design and operating effectiveness of those controls. Five opportunities were identified that, if implemented, will strengthen CFX's Pay By Plate management processes and internal control environment. The table below provides an overview of the areas reviewed and the opportunities identified.

Area	Observation	Observation #
Pay By Plate Program Monitoring	Pay By Plate Program Management Procedures	2
License Plate Recognition	N/A	N/A
Pay By Plate Invoicing	N/A	N/A
Outstanding Invoice Follow-Up	N/A	N/A
Uniform Traffic Citation (UTC) Issuance	N/A	N/A
Lookup and Processing of Out-of-State Tags	N/A	N/A
Cash Collection and Revenue Recognition	N/A	N/A
Customer Account Adjustments	N/A	N/A
Information Technology General Controls	Q-Free Reporting Capabilities	1
	User Access Reviews	3
	User Accounts	4
	Backup Job and Batch Job History	5

DETAILED OBSERVATIONS

DETAILED OBSERVATIONS

Observation 1 – Q-Free Reporting Capabilities

Relative Priority: **Moderate**



Observation

CFX utilizes the Q-Free system to process travelers' license plate images on the Wekiva Parkway. Based on criteria within Q-Free, transactions may be sent to a queue for a manual double blind review to be performed by the Violation Enforcement System (VES) Image Review Clerks. The VES Image Review Clerks independently determine the registration number, jurisdiction, and pertinent vehicle information for each transaction.

While CFX Information Technology could identify transactions captured by the Q-Free system, at the time of the audit CFX was unable to generate reports that provided data on the percentage of transaction that were fully automated and those that required manual reviews by VES Image Review Clerks. Additionally, reports detailing VES Image Review Clerks discrepancies were not available.

Reporting capabilities, particularly at the detailed transaction level, are essential for management to analyze the accuracy rate of the Q-Free system, relevant trends in the data, VES Image Review Clerks error rates, and potential staffing needs.

Root Cause

Due to the proprietary nature and recent installation of the Q-Free software, CFX is still gaining an understanding of the image review system's reporting capabilities.

Recommendation

CFX should discuss required reporting capabilities with TransCore and establish a process to generate reports with the data needed to adequately monitor the Pay By Plate program.

DETAILED OBSERVATIONS

Observation 1 – Q-Free Reporting Capabilities (continued)

Relative Priority: **Moderate**



Management Response

Management concurs.

Management Action Plan

TransCore is in the process of refining the imagine processing system reports that provide the data required to monitor the accuracy of the Q-Free system and VES Image Review Clerk blind reviews. Once the reports are finalized Toll Operations will incorporate the review of these reports into the department's monitoring procedures noted in observation 2.

Action Plan Owner / Due Date

Joann Chizlett, Director of Special Projects, and David Wynne, Director of Toll Operations / December 31, 2018

DETAILED OBSERVATIONS

Observation 2 – Pay By Plate Program Management Procedures

Relative Priority: **Moderate**



Observation

The Pay By Plate program review and monitoring internal controls are undocumented and not clearly defined. Internal Audit identified the following instances in which the review and monitoring controls are not designed effectively:

1. At the request of the Manager of VES and Special Projects, Egis generates a Uniform Traffic Citation (UTC) report of all unpaid Pay By Plate invoices by vehicle that meet the parameters provided by the Manager of VES and Special Projects. The UTC report must be reviewed and approved by the Manager of VES and Special Projects and either the Director of Toll Operations or Manager of E-PASS and Plaza Operations. Additionally, the report must be signed by both Toll Enforcement Officers (TEOs), as a TEO is required to attend court proceedings if a CFX customer chooses to dispute a citation.

In October 2017, the UTC report was generated once for one set of parameters and contained approximately 4,000 records. There is no formal procedures that defines standardized parameters for the UTC report and no formal schedule that rotates when records from each set of parameters are reviewed. In addition, the criteria for deciding whether to issue a UTC is subjective and there is no formal guidelines for making the determination.

2. Monthly, a report of all customer toll transaction voids and waivers is provided to the Manager of VES and Special Projects for review. However, the review of the report is not documented and there is no formal procedures that define the objective of the review, such as reviewing for inappropriate trends or the reasonableness of the customer voids and waivers.

Root Cause

There are no formal written process and procedures for the management of the Pay By Plate program.

DETAILED OBSERVATIONS

Observation 2 – Pay By Plate Management Procedures (continued)

Relative Priority: **Moderate**



Recommendation

1. CFX should develop formal written process and procedures that clearly document the Pay By Plate review and monitoring process. Written procedures are an integral component of each business process within an operating environment, provide guidance in the pursuit of achieving the objectives, help reduce misunderstanding, and increase distribution of pertinent information to those involved in the process. The written procedures should include:
 - a) Internal standards for managing the Pay By Plate program, including the following:
 - i. Standardized parameters and a review schedule for the UTC report; and
 - ii. Monthly reviews of Q-Free performance reports, VES Image Review Clerks performance reports, invoice quantity trends, and other pertinent reports.
 - b) Role and responsibilities within the department and those of the third party vendor; and
 - c) Documentation requirements for the execution of the key controls.

Once developed, CFX should review and update the Pay By Plate management procedures for changes in processes on an annual basis. The Director of Toll Operations and the Manager of VES and Special Projects should approve the written policies and procedures and provide evidence of the review. The final document should also be stored on a shared site to ensure the policies and procedures are available and accessible throughout the department.

DETAILED OBSERVATIONS

Observation 2 – Pay By Plate Management Procedures (continued)

Relative Priority: **Moderate**



Management Response

Management concurs.

Management Action Plan

1. The Director of Toll Operations, the Manager of E-PASS and Plaza Operations, and the Manager of VES and Special Projects will document written policies and procedures for CFX's Pay By Plate program to address the clearly define the review and monitoring control activity. The policies and procedures will be reviewed and updated at least annually and published on SharePoint.

Action Plan Owner / Due Date

David Wynne, Director of Toll Operations, and Paul Schatz, Manager of VES and Special Projects / June 30, 2019

DETAILED OBSERVATIONS

Observation 3 – User Access Review

Relative Priority: **Moderate**



CONFIDENTIAL
F.S. 282.318

DETAILED OBSERVATIONS

Observation 4 – User Accounts

Relative Priority: **Moderate**



CONFIDENTIAL
F.S. 282.318

DETAILED OBSERVATIONS

Observation 4 – User Accounts (continued)

Relative Priority: **Moderate**

The image shows a large rectangular area, likely a placeholder for content. On the left side, there is a dark blue vertical bar containing a white icon of a checklist with a checkmark. The main area is light grey and features a large, semi-transparent watermark that reads "CONFIDENTIAL" diagonally across the center. Below the watermark, the text "F.S. 282.318" is also visible in a smaller, semi-transparent font.

DETAILED OBSERVATIONS

Observation 5 – Backup Job & Batch Job History

Relative Priority: **Low**



CONFIDENTIAL
F.S. 282.318

DETAILED OBSERVATIONS

Observation 5 – Backup Job & Batch Job History (continued)

Relative Priority: **Low**



CONFIDENTIAL
F.S. 282.318

Face the Future with Confidence

© 2018 Protiviti Inc. All Rights Reserved. This document has been prepared for use by CFX's management, audit committee, and board of directors. This report provides information about the condition of risks and internal controls at one point in time. Future events and changes may significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.

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E.3. PHYSICAL SECURITY ASSESSMENT

No Backup

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

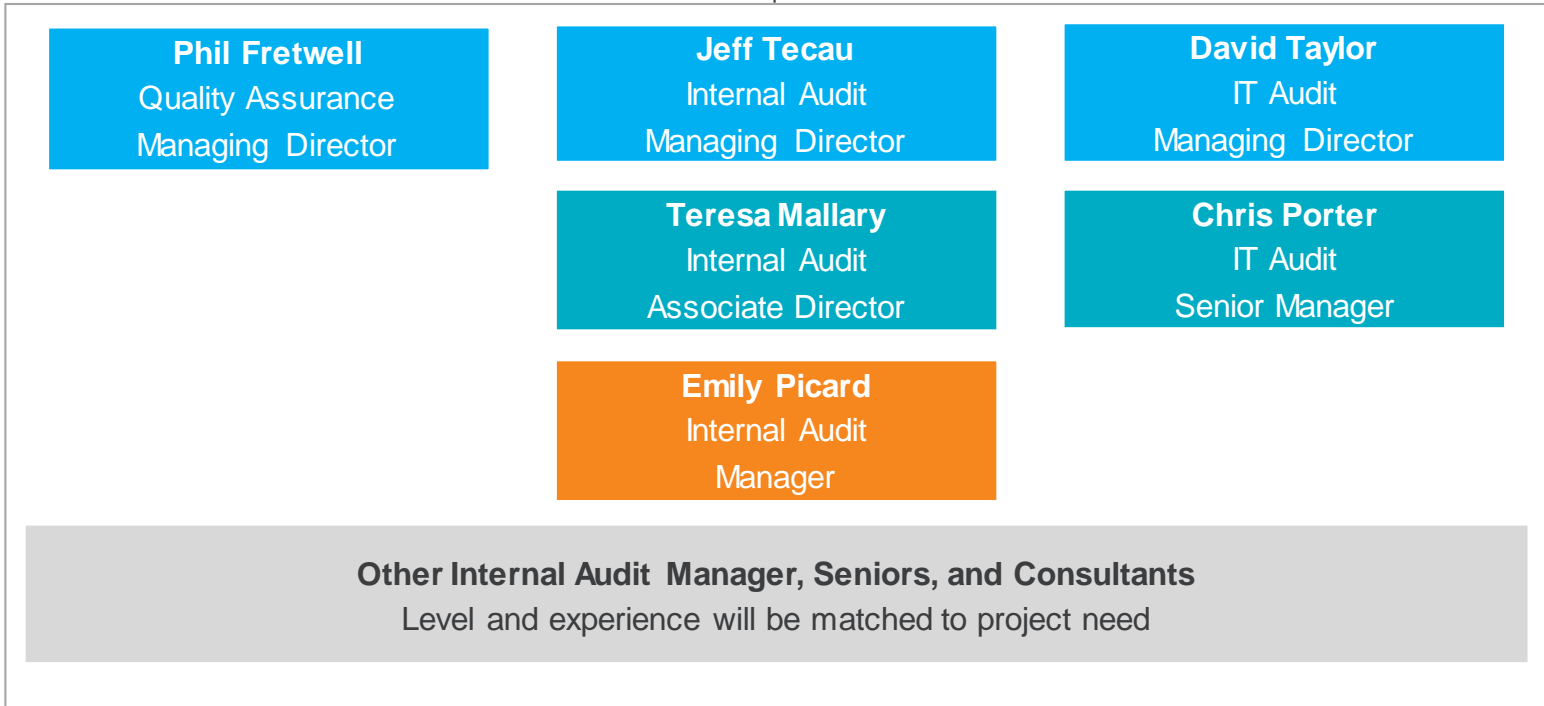
Internal Audit Plan

For the Fiscal Year Ending June 30, 2019

YOUR INTERNAL AUDIT TEAM



CFX Office of the General Counsel



BACKGROUND

An annual risk assessment is a critical element of a high-quality Internal Audit department's responsibility and provides the opportunity to be "front and center" with senior leadership as a strategic partner in the review and management of key business risks. The objective of the fiscal 2019 risk assessment is to identify and prioritize key areas of risk within CFX to consider in designing the fiscal 2019 Internal Audit plan. The approach to conduct the fiscal 2019 risk assessment and develop the fiscal 2019 Internal Audit plan is depicted below. See Appendix B for the 2019 risk assessment results.

	<h3>Identify Key Areas of Risk to be Assessed</h3>	<ul style="list-style-type: none"> • Confirm and update prior year risk areas based upon review of prior year work papers, audit results, and discussions with senior management and the Board • Determine preliminary risk ratings based upon prior year results
	<h3>Assess & Prioritize Areas of Risk</h3>	<ul style="list-style-type: none"> • Conduct interviews with senior management and the Board to confirm and validate the current enterprise risk model to gain additional insight around risk trending, key changes in the organization, and key initiatives • Aggregate and compile resulting information • Provide a graphical representation of enterprise risks on a risk heat map to prioritize areas of risk
	<h3>Select Focus Area</h3>	<ul style="list-style-type: none"> • Evaluate the prioritized enterprise risks and management commentary to determine Internal Audit focus areas for fiscal year 2019 • Develop and define a preliminary listing of proposed Internal Audit projects to address the areas of focus
	<h3>Develop & Approve Audit Plan</h3>	<ul style="list-style-type: none"> • Establish high-level scoping statements and levels of effort for proposed projects • Finalize budget allotments and propose projects for Audit Committee approval • Finalize proposed timing for selected projects • Finalize Internal Audit plan and obtain Audit Committee approval

INTERVIEW LIST

The following 26 individuals were interviewed to gather information to develop the fiscal year 2019 Internal Audit plan:

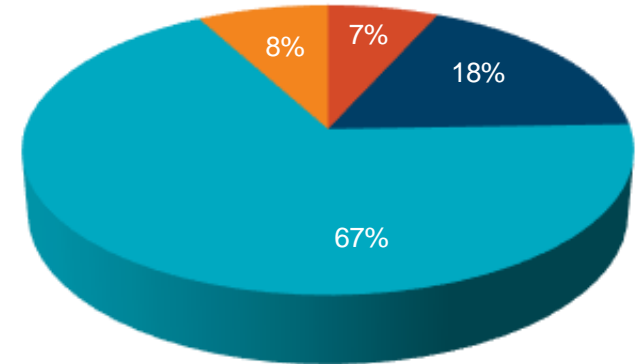
Name	Title	Name	Title
Commissioner Fred Hawkins, Jr.	Board Chairman	Joe Berenis	Chief of Infrastructure
Jay Madara	Board Vice-Chairman	Corey Quinn	Chief of Technology/Operations
Commissioner Brenda Carey	Board Treasurer	Michelle Maikisch	Chief of Staff/Public Affairs Officer
Commissioner Jim Barfield	Board Member	Joe Passiatore	General Counsel
Mayor Buddy Dyer	Board Member	Linda Lanosa	Deputy General Counsel
Andria Herr	Board Member	Joann Chizlett	Director of Special Projects
Mayor Teresa Jacobs	Board Member	David Wynne	Director of Toll Operations
Commissioner Sean Parks	Board Member	Glenn Pressimone	Director of Engineering
S. Michael Scheeringa	Board Member	Jim Greer	Director of IT
Commissioner Jennifer Thompson	Board Member	Michael Carlisle	Director of Accounting and Finance
Kaye Dover	Audit Committee Chair	Aneth Williams	Director of Procurement
Laura Kelley	Executive Director	Donald Budnovich	Director of Safety and Maintenance
Lisa Lumbard	Chief Financial Officer	Carrie Baker	Contract Compliance Analyst

THREE YEAR INTERNAL AUDIT PLAN

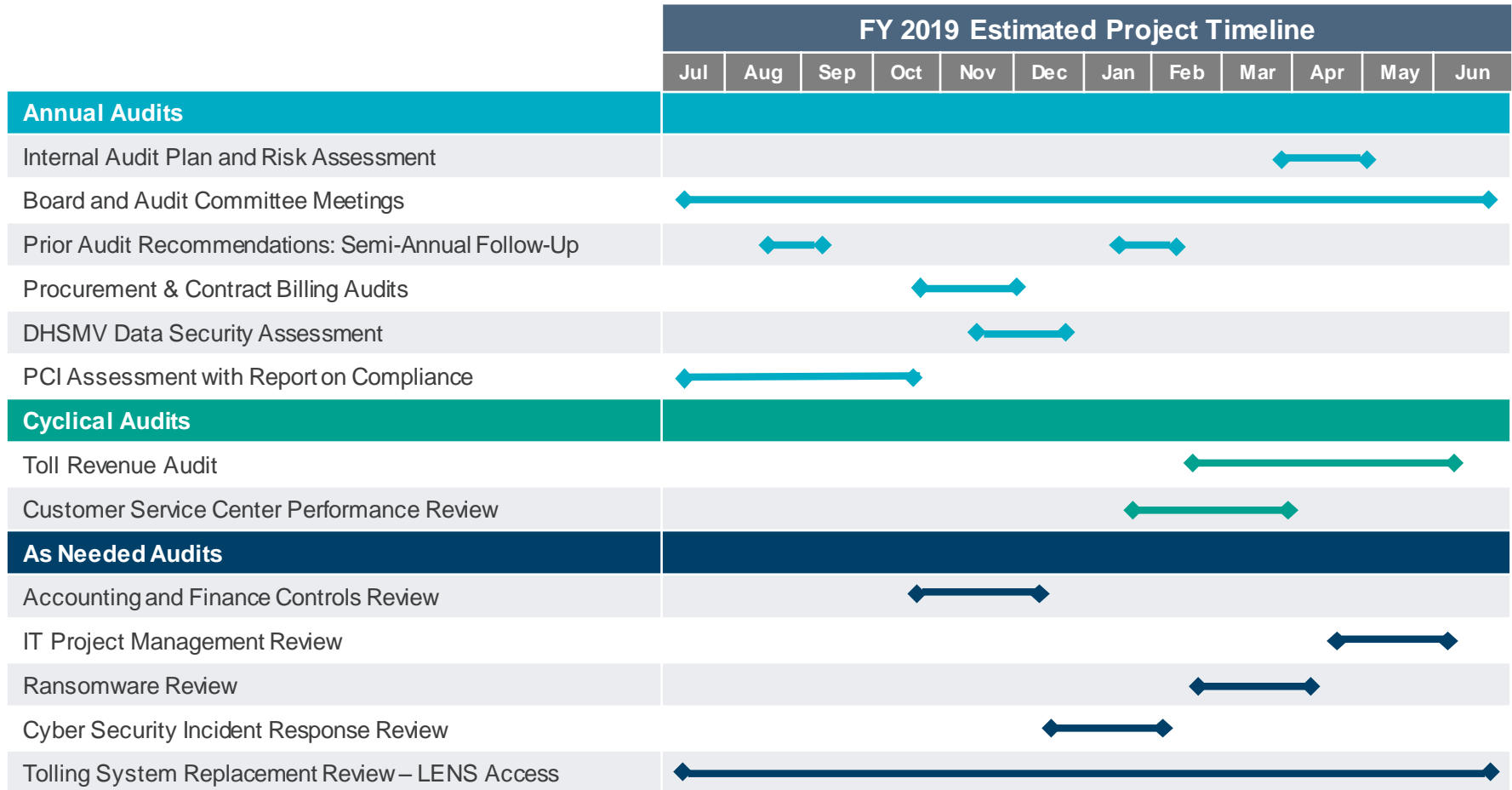
Description	Frequency	Date Last Performed	Audit Plan Year		
			2019	2020	2021
Annual Internal Audits					
Internal Audit Plan and Risk Assessment	Annual	2018	\$ 25,000	\$ 25,000	\$ 25,000
Board and Audit Committee Meetings	Annual	2018	\$ 15,000	\$ 15,000	\$ 15,000
Prior Year Recommendations: Semi-Annual Follow-up	Annual	2018	\$ 13,000	\$ 13,000	\$ 13,000
Procurement & Contract Billing Audits	Annual	2018	\$ 40,000	\$ 40,000	\$ 40,000
DHSMV Data Security Assessment	Annual	2018	\$ 25,000	\$ 25,000	\$ 25,000
PCI Assessment with Report on Compliance	Annual	2018	\$ 85,000	\$ 85,000	\$ 85,000
Contingency for Special Projects	Annual	N/A	\$ 30,000	\$ 30,000	\$ 30,000
		Total	\$ 233,000	\$ 233,000	\$ 233,000
Cyclical Audits					
Customer Service Center Performance Assessment	2 Year Cycle	2017	\$ 60,000		X
Ethics Policy Compliance Audit	3 Year Cycle	2018			X
Toll Revenue Audit	3 Year Cycle	2016	\$ 75,000		
IT General Controls Review	3 Year Cycle	2018			X
Information Security Risk Assessment - Phase II	3 Year Cycle	2018			X
Public Records Review	3 Year Cycle	2017		X	
Safety and Maintenance Policy and Procedures Compliance Audit	5 Year Cycle	2018			
Bond Financing Review	5 Year Cycle	2016			X
Business Continuity Management Review	5 Year Cycle	2017			
Purchasing Spend Data Audit	5 Year Cycle	2017			
Accounting System Access and SOD Review	5 Year Cycle	2017			
Human Resources Process Review	5 Year Cycle	2017			
Toll Violations and Toll-by-Plate Audit	5 Year Cycle	2018			
COSO 2013 Governance Review	5 Year Cycle	2015		X	
Right of Way Audit	5 Year Cycle	2016			X
P-Card and Gas Card Audit	5 Year Cycle	N/A		X	
As Needed Audits					
Accounting and Financial Controls Review	As Needed	N/A	\$ 60,000		
IT Project Management Review	As Needed	N/A	\$ 46,000		
Ransomware Review	As Needed	N/A	\$ 35,000		
Cyber Security Incident Response Review	As Needed	N/A	\$ 35,000		
Tolling System Replacement Review - LENS Access	As Needed	2018 - Phase II	\$ 20,000		
Marketing Retail Transponder Sales Review	As Needed	N/A		X	
Social Media Process Review	As Needed	N/A		X	
ISO 27001 Information Security Review	As Needed	N/A		X	
Sensitive Data / Data Management Review	As Needed	2014			
Vendor Risk Management	As Needed	2017			
		Grand Total	\$ 564,000		

FY 2019 INTERNAL AUDIT COVERAGE

Strategic & Governance	Budget Allocation	Frequency
<ul style="list-style-type: none"> Fiscal 2019 Internal Audit Plan and Risk Assessment Prior Audit Recommendations: Semi-Annual Follow-up 	<ul style="list-style-type: none"> \$25,000 \$13,000 	<ul style="list-style-type: none"> Annual Annual
Financial		
<ul style="list-style-type: none"> Procurement & Contract Billing Audits Accounting and Financial Controls Review 	<ul style="list-style-type: none"> \$40,000 \$60,000 	<ul style="list-style-type: none"> Annual As Needed
Operations & IT		
<ul style="list-style-type: none"> DHSMV Data Security Assessment PCI Assessment with Report on Compliance Customer Service Center Performance Assessment Toll Revenue Audit Ransomware Review Cyber Security Incident Response Review IT Project Management Review Tolling System Replacement Review – LENS Access 	<ul style="list-style-type: none"> \$25,000 \$85,000 \$60,000 \$75,000 \$35,000 \$35,000 \$46,000 \$20,000 	<ul style="list-style-type: none"> Annual Annual 2 Year Cycle 3 Year Cycle As Needed As Needed As Needed As Needed
Other		
<ul style="list-style-type: none"> Board and Audit Committee Meetings Contingency for Special Projects 	<ul style="list-style-type: none"> \$15,000 \$30,000 	<ul style="list-style-type: none"> Annual Annual
Total Internal Audit Budget	\$564,000	



INTERNAL AUDIT TIMELINE



FY 2019 INTERNAL AUDIT PROJECT DESCRIPTIONS

#	Project	Project Description	Risks	Estimated Cost
1	Internal Audit Plan and Risk Assessment	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 2020 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 2020 Internal Audit plan, with a focus on addressing opportunities identified during the risk assessment process.	Strategic Planning Fraud Governance	\$25,000
2	Board and Audit Committee Meetings	Protiviti will attend Board meetings and prepare for and present at all Audit Committee meetings during fiscal year 2019. This includes document preparation time and preparation time with management and the Audit Committee in advance of meetings.	Governance	\$15,000
3	Prior Audit Recommendations: Semi-Annual Follow-up	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.	Governance	\$13,000
4	Procurement & Contract Billing Audits	This audit will encompass a selection of 2 or 3 engineering, construction, maintenance, operations, or legal contracts, with the objective of verifying internal controls are in place to ensure work performed for CFX 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.	Contract Management Contract Performance Reporting Cost Containment Procurement and Vendor Selection	\$40,000
5	DHSMV Data Security Assessment	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.	Cyber / Data Security	\$25,000
6	Toll Revenue Audit	This audit will focus on cash toll collections and electronic tolling collections, with the objectives to review (1) controls that 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 reconciliation controls are in place to monitor revenue related to interoperability agreements. Additionally, IT general controls around supporting systems and information technology will be reviewed.	Toll Collections Cash Handling	\$75,000

FY 2019 INTERNAL AUDIT PROJECT DESCRIPTIONS

#	Project	Project Description	Risks	Estimated Cost
7	Customer Service Center Performance Assessment	Leveraging subject matter expertise, Protiviti will conduct an assessment of the customer contact center and consider current needs of the center, including opportunities to reduce staff turnover. The audit will involve a review of the center's performance through an organizational analysis, a customer contact analysis, an analysis of technology, infrastructure and applications, and a statistical data analysis. This audit will also consider whether the outsourced approach to providing these functions is still one that is yielding appropriate financial and economic benefits to CFX.	Cost Containment Customer Satisfaction Public Relations	\$60,000
8	Accounting and Financial Controls Review	The objective of this project is to conduct a current state design analysis of key processes, risks, and internal controls within the accounting function and to test the operating effectiveness of key accounting and financial reporting controls, including those designed to detect or prevent fraud. The audit will also include comparisons of CFX's accounting and financial reporting controls to leading practices.	Financial Reporting Fraud	\$60,000
9	IT Project Management Review	This project will assess CFX's ability to intake, prioritize, deliver on requests from the business. Protiviti will assess the manner in which IT requests are received and accepted, the potential risks that could impact projects, the testing procedures (including unit testing, peer review, integration, regression and user acceptance), project health metrics, change requirements, and resourcing requirements.	IT Infrastructure Business / IT Applications and Systems IT Operations Strategic Planning Communication	\$46,000
10	Ransomware Review	As part of this project, Protiviti will review CFX's ability to prevent a ransomware attack against the organization. Controls surrounding email systems, open network ports, and USB ports will be reviewed as each of these is a channel through which ransomware may enter an organization. Controls that could contain a ransomware outbreak will also be reviewed to assess the effect of an outbreak within the organization should perimeter controls fail. Backup and recovery practices will be reviewed to determine CFX's ability to resume normal business function should ransomware spread throughout the organization.	Cyber / Data Security Public Relations Insurance Coverage	\$35,000
11	Cyber Security Incident Response Review	Internal Audit will review CFX's Cyber Security Incident Response program by assessing the current incident response strategy as well as the related employee training, policies and procedures, and supporting technologies deployed throughout the environment.	Cyber / Data Security Public Relations Communication Insurance Coverage	\$35,000

FY 2019 INTERNAL AUDIT PROJECT DESCRIPTIONS

#	Project	Project Description	Risks	Estimated Cost
12	Tolling System Replacement Review – LENS Access	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.	Business / IT Applications and Systems Toll Collections	\$20,000
13	PCI Assessment with Report on Compliance	This project will be to fully test CFX’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.	Cyber / Data Security	\$85,000

APPENDIX A INTERNAL AUDIT CHARTER

INTERNAL AUDIT CHARTER

Central Florida Expressway Authority Fiscal 2019 Internal Audit Department Charter

Mission & Purpose

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

Standards & Professionalism

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, and International Standards for the Professional Practice of Internal Auditing.

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

Authority

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

INTERNAL AUDIT CHARTER

Authority (continued)

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

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

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

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

INTERNAL AUDIT CHARTER

Independence & Objectivity

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

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

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

- 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 CFX employee not employed by the internal audit department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

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

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

INTERNAL AUDIT CHARTER

Scope

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

- 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.
- Significant financial, managerial, and operating information and the means used to identify, measure, analyze, classify, and report such information are relevant, reliable and understandable.
- Employee, officer, director, and contractor actions comply with policies, standards, procedures, and applicable laws, regulations, and governance standards.
- 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.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Expressway Authority.
- 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.

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

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

Responsibility

The internal audit department's responsibility includes, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the 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:

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

INTERNAL AUDIT CHARTER

Reporting & Monitoring

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

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

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

The Internal Audit Department will periodically report to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan and conformance with the IIA's Code of Ethics. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board. Results of audit 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.

Quality Assurance & Improvement Program

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

The Internal Audit Department will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years by a qualified, independent assessor or assessment team from outside the Expressway Authority.

APPENDIX B ENTERPRISE RISK ASSESSMENT

ENTERPRISE RISK ASSESSMENT

To assist with the development of the fiscal 2019 Internal Audit Plan, Internal Audit used the prior year risk model as the starting point for discussions with the Board and management. Internal Audit asked the Board and management to consider the current business environment, critical business initiatives, and prior year audit results to provide input on which risks warranted the most focus in today's environment. In addition, management was asked to identify any new risks that may not have been considered in past years for inclusion in the current risk model.

Internal Audit utilized the aggregated input obtained during interviews with the Board and management and from risk surveys of management to develop a list of potential internal audit projects for fiscal 2019, with the objective being to help the Audit Committee and management mitigate areas of highest residual risk, monitor areas of high inherent risk, or to mitigate areas where risks are trending higher.

Risk is defined as follows:

Risk:

- Is the possibility of an event occurring that will have a negative impact on the achievement of goals and objectives and could also include the cost of missing an opportunity.

Inherent Risk:

- Is the amount of risk to the business given the environment in which it operates, without considering the application of controls. The risks identified on the following page represent the risk areas deemed most important for CFX to manage and control in order to achieve its goals and objectives.

Residual Risk:

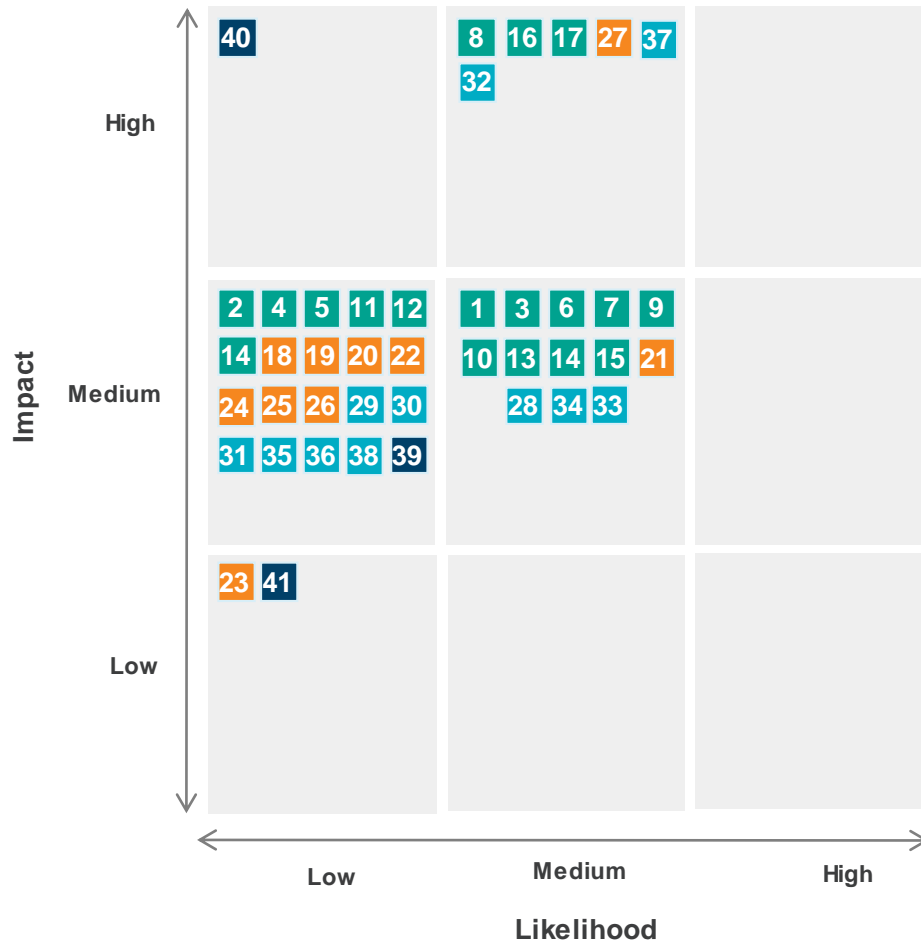
- Is the amount of risk remaining after the application of management controls. Residual risk was judgmentally considered for purposes of this fiscal 2019 audit plan in the selection of potential projects for inclusion in the plan. The results of the residual risk assessment are depicted via the Enterprise Risk Map on the following pages.

ENTERPRISE RISK MODEL

 Strategic and Governance	1. Strategic Planning	7. Governance	13. Public Relations
	2. Organization Structure	8. Political Environment	14. National Interoperability
	3. Contingency Planning	9. Ethical Compliance	15. Toll Rate Management
	4. Regulatory Changes	10. Communication	16. Asset and Liability Transfer Risk
	5. Access to Capital	11. Leadership	17. Multimodal Opportunities
	6. Statewide Interoperability	12. Outsourcing	
 Financial	18. Fraud	23. Cash Handling	
	19. Management Performance Reporting	24. Procurement and Vendor Selection	
	20. Bond Financing / Covenant Compliance	25. Contract Performance Reporting	
	21. Cost Containment	26. Financial Reporting	
	22. Treasury and Liquidity Management	27. Right of Way	
 Operations and IT	28. Toll Violations	34. Business Continuity / Disaster Recovery	
	29. Toll Collections	35. Insurance Coverage	
	30. Business / IT Applications and Systems	36. Customer Satisfaction	
	31. Human Resources	37. Cyber / Data Security	
	32. IT Infrastructure	38. Toll Discounts / Rebates	
	33. IT Operations		
 Regulatory and Compliance	39. Contract Management	41. Records Management	
	40. Maintenance and Safety		

Bold represents risks addressed by the FY 2019 Internal Audit plan.

ENTERPRISE RISK MAP – RESIDUAL RISK



- | | | | |
|---------------------------------|------------------------------------|----------------------------------|---------------------------------------|
| Strategic and Governance | | Operations and IT | |
| 1 | Strategic Planning | 28 | Toll Violations |
| 2 | Organization Structure | 29 | Toll Collections |
| 3 | Contingency Planning | 30 | Business/IT Application Controls |
| 4 | Regulatory Changes | 31 | Human Resources |
| 5 | Access to Capital | 32 | IT Infrastructure |
| 6 | Statewide Interoperability | 33 | IT Operations |
| 7 | Governance | 34 | Business Continuity/Disaster Recovery |
| 8 | Political Environment | 35 | Insurance Coverage |
| 9 | Ethical Compliance | 36 | Customer Satisfaction |
| 10 | Communication | 37 | Cyber / Data Security |
| 11 | Leadership | 38 | Toll Discounts/Rebates |
| 12 | Outsourcing | | |
| 13 | Public Relations | Regulatory and Compliance | |
| 14 | National Interoperability | 39 | Contract Management |
| 15 | Toll Rate Management | 40 | Maintenance and Safety |
| 16 | Asset and Liability Transfer Risk | 41 | Records Management |
| 17 | Multimodal Opportunities | | |
| Financial | | | |
| 18 | Fraud | | |
| 19 | Management Performance Reporting | | |
| 20 | Bond Financing/Covenant Compliance | | |
| 21 | Cost Containment | | |
| 22 | Treasury and Liquidity Management | | |
| 23 | Cash Handling | | |
| 24 | Procurement and Vendor Selection | | |
| 25 | Contract Performance Reporting | | |
| 26 | Financial Reporting | | |
| 27 | Right of Way | | |

KEY FRAUD RISKS

As part of the Enterprise Risk Assessment, Internal Audit discussed potential fraud risk scenarios with management and the Board and identified the following potential fraud scenarios for consideration when executing FY 2019 Internal Audit work.

- Unauthorized / improper use of corporate credit cards / misuse of funds
- Awarding of work to related parties
- Bribery / kickback to award bids
- Management disclosure of confidential information during procurement
- Theft or misuse of confidential financial information
- Billing for work not performed or vendor overbillings
- Circumvention of procurement
- Selective disclosure to Board or public
- Earnings management
- Management override of controls
- Nepotism
- Use of confidential information for personal gain
- Solicitation
- Unauthorized adjustment of salary / wages
- Creation of ghost vendors or employees
- Manual journal entries
- Partner billings / payments
- Adjustment to customer accounts
- Theft of cash
- Toll violations
- Counterfeit cash
- Price fixing
- Bid rigging
- Off contract agreements
- Payment of false invoices / invoices do not match contract terms
- Misuse of company assets / theft of company assets
- Falsification of hours worked
- Theft / forgery of payroll or blank checks
- Improper changes to vendor data to misdirect payments

APPENDIX C

OTHER POTENTIAL AUDITS

OTHER POTENTIAL AUDITS NOT SELECTED FOR 2019 INTERNAL AUDIT PLAN

#	Project	Project Description	Risks
1	Ethics Policy Compliance Audit	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.	Ethical Compliance
2	IT General Controls Review	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.	Business / IT Applications and Systems IT Infrastructure
3	Information Security Risk Assessment	Protiviti will conduct a risk assessment of CFX's IT function that will identify asset groupings within the environment and assign them a value 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 project will be conducted in two phases.	Cyber / Data Security
4	Public Records Review	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.	Records Management
5	Safety and Maintenance Policy and Procedures Compliance Audit	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 reduce the risk of wrong way driving), vendor management programs, and to test compliance with the safety and maintenance policies and procedures.	Maintenance and Safety

OTHER POTENTIAL AUDITS NOT SELECTED FOR 2019 INTERNAL AUDIT PLAN

#	Project	Project Description	Risks
6	Bond Financing Review	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.	Bond Financing / Covenant Compliance
7	Business Continuity Management Review	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).	Business Continuity / Disaster Recovery
8	Purchasing Spend Data Audit	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.	Cost Containment Fraud Procurement and Vendor Selection
9	Accounting System Access and Segregation of Duties Review	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.	Financial Reporting Fraud
10	Human Resources Process Review	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.	Human Resources

OTHER POTENTIAL AUDITS NOT SELECTED FOR 2019 INTERNAL AUDIT PLAN

#	Project	Project Description	Risks
11	Toll Violations and Pay-by-Plate Audit	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.	Toll Violations Toll Collections Business / IT Applications and Systems Customer Satisfaction
12	COSO 2013 Governance Review	This audit will involve an evaluation of the Expressway Authority's governance procedures and internal controls leveraging the COSO 2013 internal control framework and the new COSO ERM framework.	Governance Ethical Compliance
13	Right of Way Audit	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.	Cost Containment Public Relations Records Management
14	P-Card and Gas Card Audit	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.	Cost Containment Fraud
15	Marketing Retail Transponder Sales Review	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).	Cost Containment Customer Satisfaction Public Relations

OTHER POTENTIAL AUDITS NOT SELECTED FOR 2019 INTERNAL AUDIT PLAN

#	Project	Project Description	Risks
16	Social Media Process Review	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.	Public Relations Communication Cyber / Data Security
17	ISO 27001 Information Security Review	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.	Cyber / Data Security
18	Sensitive Data/Data Management Review	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.	Cyber / Data Security
19	Vendor Security Review	This review will assess the security of vendor IT connections that come into the Authority's environment, as well as the design and operating effectiveness of the security configurations and controls that surround the Authority's data within vendor's environments.	Cyber / Data Security

Face the Future with Confidence

© 2018 Protiviti Inc. All Rights Reserved. This document has been prepared for use by the CFX's management, audit committee, and board of directors. This report provides information about the condition of risks and internal controls at one point in time. Future events and changes may significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.

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**E.5. ANNUAL CONFIRMATION OF NO
DISAGREEMENTS WITH MANAGEMENT**

No Backup

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

No Backup

F. ANNUAL MANAGEMENT OF
INTERNAL CONTROL MATTERS

No Backup

G. ANNUAL DISCUSSION REGARDING
AUDIT COMMITTEE AND INDIVIDUAL
MEMBER PERFORMANCE

No Backup

Central Florida Expressway

Audit Committee Charter Responsibilities Matrix - Fiscal Year 2018

For Audit Committee as of June 20, 2018

Financial Reporting Oversight

Review with Management and the external auditors:

Number	Responsibility	Completion Date
1a	The annual financial statement and related footnotes	Oct-17
1b	The external auditors' audit of the financial statements and their report	Oct-17
1c	Managements' representations and responsibilities for the financial statements	Oct-17
1d	Any significant changes required in the audit plan	Oct-17
1e	Information from the external auditors regarding their independence	Oct-17
1f	Any difficulties or disputes with Management encountered during the audit	Oct-17
1g	The organization's accounting principles	Oct-17
1h	All matters required to be communicated to the Committee under generally accepted auditing standards	Oct-17
2	Review with Management, the Authority's financial performance on a regular basis	Oct-17

Internal Control and Risk Assessment

3	Review with Management the effectiveness of the internal control system, including IT security and control	Jun-18
4	Review with Management the effectiveness of the process for assessing significant risks or exposures and the steps Management has taken to monitor and control such risks	Jun-18
5	Review any significant findings and recommendations of the Internal Auditor and external auditors together with Management's responses, including the timetable for implementation of recommendations to correct any weaknesses	External Auditors - Oct 17. Internal auditors - various

Compliance

6	Review with Management the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary action) of any instances of non-compliance	Jun-18
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Code of Ethics

7	Review with Management and monitor adequacy, administration, and compliance with the Authority's Code of Ethics	Jun-17
8	Review the procedures for the anonymous and confidential submission of complaints and concerns regarding matters such as accounting, internal controls, auditing, waste, abuse, fraud, conflicts of interest, or other Code of Ethics violations	Jun-17

Internal Audit

9	Recommend to the Board the appointment or removal of the Internal Audit Director	Jun-18
10	Review and approve the annual internal audit plan and all major changes to the plan	Jun-18
11	Review the internal audit budget and submit to the Finance Committee	Feb-18
12	Review and approve the Internal Audit Department Charter	Jun-18
13	Review internal audit reports and recommend transmittal and acceptance of the audit for filing with the governing Board which shall be accomplished by separate item on the Consent Agenda at a regularly scheduled meeting	Various
14	Review annually the performance of the Internal Audit Director	Jun-18
15	Review annually the effectiveness of the internal audit function	Jun-18

External Audit

16	Appoint an Audit Committee Member to serve on the Selection Committee for all external audit services	As Needed
17	Recommend to the Authority Board the external auditors to be appointed and their related compensation	Oct-17
18	Review and approve the discharge of the external auditors	As Needed
19	Review the scope and approach of the annual audit with external auditors	Oct-17

20	Approve all non-audit services provided by the external auditors	As Needed
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Other Authority and Responsibilities

21	Conduct other activities as requested by the Authority Board	As Needed
22	Conduct or authorize investigations into any matter within the Committee's scope of responsibilities	As Needed
23	Address any disagreements between Management and the Internal Auditor or external auditors	As Needed
24	Annually evaluate the Committee's and individual member's performance	Jun-18
25	Review the Committee's formal Charter annually and update as needed	Feb-18
26	Confirm annually that all responsibilities outlined in this Charter have been carried out	Jun-18

Audit Committee Composition and Chairman Selection

27	The Audit Committee shall be composed of five voting members from Orange County, the City of Orlando, Lake County, Osceola County, and Seminole County and up to three (3) citizen representatives with appointment terms of 2 years.	As Needed
28	The Audit Committee will be chaired on an annual, rotating basis beginning on September 11, 2014 in the following order: Orange County Representative City of Orlando Representative Seminole County Representative Osceola County Representative One Citizen Representative Lake County Representative	Oct-17