

# CENTRAL FLORIDA EXPRESSWAY AUTHORITY

**AGENDA  
CENTRAL FLORIDA EXPRESSWAY AUTHORITY  
AUDIT COMMITTEE MEETING  
January 31, 2019  
1:00 PM**

**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 THE OCTOBER 30, 2018 MINUTES** – (Action Item)

**D. INTERNAL AUDIT MATTERS** - Protiviti

1. Status Update: Fiscal 2019 Internal Audit Plan – (Info Item)
2. Review and Acceptance of Fiscal 2019 Internal Audit Reports- (Action Items)
  - a. Payment Card Industry (PCI) Assessment with Report on Compliance
  - b. DHSMV Data Security Assessment
  - c. Procurement and Contract Billing Audits
  - d. Customer Service Center Performance Review
3. Upcoming Internal Audits – (Info Item)
  - a. Prior Audit Recommendations: Semi-Annual Follow-Up
  - b. Toll Revenue Audit
  - c. Accounting and Finance Controls Review
  - d. Ransomware Review
  - e. Cyber Security Incident Response Review

**E. ANNUAL REVIEW AND APPROVAL OF THE AUDIT COMMITTEE CHARTER** – (Action Item)

**F. INTERNAL AUDIT BUDGET FOR FISCAL YEAR 2020** – Lisa Lumbard – (Info Item)

**G. OTHER BUSINESS**

**H. ADJOURNMENT**

This meeting is open to the public.

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

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

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

Persons who require translation services, which are provided at no cost, should contact CFX at (407) 690-5000 x5316 or by email at [Iranetta.dennis@CFXway.com](mailto:Iranetta.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 October 30, 2018

Location: Central Florida Expressway Authority  
4974 ORL Tower Road  
Orlando, FL 32807  
Pelican Conference Room 107

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#### Committee Members Present:

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

#### Participating by Phone:

Kristy Mullane, Lake County Representative  
Peter Grupe, Protiviti

#### Also Present:

Ruth Valentin, Recording Secretary/Administrative Coordinator  
Laura Kelley, Executive Director  
Lisa Lombard, CFO  
Linda Lanosa, Deputy General Counsel  
Corey Quinn, Chief of Technology/Operations  
Michael Carlisle, Director of Accounting and Finance  
Teresa Mallary, Protiviti  
Jeff Tecau, Protiviti  
David Taylor, Protiviti  
Chris Porter, Protiviti  
Joel Knopp, MSL  
Dan O'Keefe, MSL

#### **A. CALL TO ORDER**

The meeting was called to order at approximately 3:02 p.m. by Chairman Megan Zee.

#### **B. PUBLIC COMMENT**

There was no public comment.

**C. APPROVAL OF MINUTES**

**A motion was made by Mr. McMenemy and seconded by Ms. Dover to approve the June 20, 2018 minutes as presented. The motion carried unanimously with five (5) members present voting AYE by voice vote; one (1) member, Ms. Mullane voting AYE by phone.**

**D. EXTERNAL AUDIT MATTERS**

Joel Knopp of Moore Stephens Lovelace presented the Fiscal 2018 Financial Statements and Required Communications.

**A motion was made by Mr. Gassman and seconded by Ms. Dover to accept the Fiscal 2018 Financial Statements and Required Communications as presented. The motion carried unanimously with five (5) members present voting AYE by voice vote; one (1) member, Ms. Mullane voting AYE by phone.**

**E. INTERNAL AUDIT MATTERS**

**1. Status Update: Fiscal 2019 Internal Audit Plan**

Jeff Tecau of Protiviti presented an update on the Status of the Fiscal Year 2019 Internal Audit Plan.

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

**2. Review and Acceptance of Internal Audit Reports**

**a. Fiscal 2018 Physical Security Assessment**

Teresa Mallary of Protiviti presented the Fiscal 2018 Physical Security Assessment for review and acceptance.

**A motion was made by Ms. Dover and seconded by Mr. Gassman to accept the Fiscal 2018 Physical Security Assessment as presented. The motion carried unanimously with five (5) members present voting AYE by voice vote; one (1) member, Ms. Mullane voting AYE by phone.**

**b. Fiscal 2018 Penetration Testing**

Chris Porter of Protiviti presented the Fiscal 2018 Penetration Testing audit for review and acceptance.

**A motion was made by Mr. Battles and seconded by Ms. Dover to accept the Fiscal 2018 Penetration Testing audit as presented. The motion carried unanimously with five (5) members present voting AYE by voice vote; one (1) member, Ms. Mullane voting AYE by phone.**

**c. Prior Audit Recommendations Follow-Up**

Ms. Mallary presented the Prior Audit Recommendations Follow-Up for review and acceptance.

**A motion was made by Mr. Gassman and seconded by Ms. Dover to accept the Prior Audit Recommendations Follow-Up pending correction to items addressed by Ms. Dover. The motion carried unanimously with five (5) members present voting AYE by voice vote; one (1) member, Ms. Mullane voting AYE by phone.**

**3. Upcoming Internal Audits**

**a. Procurement and Contract Audit Selections**

Ms. Mallary presented the procurement and contract audit selections.

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

**b. Customer Service Center Performance Review**

Mr. Tecau requested approval for a blanket of \$5,000 for all travel expenses.

**A motion was made by Mr. McMenemy and seconded by Mr. Battles to approve a blanket of \$5,000 for all travel expenses. The motion carried unanimously with five (5) members present voting AYE by voice vote; one (1) member, Ms. Mullane voting AYE by phone.**

**F. OTHER BUSINESS**

None.

**G. ADJOURNMENT**

Chairman Zee adjourned the meeting at approximately 4:01 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](mailto:publicrecords@CFXway.com) or 4974 ORL Tower Road, Orlando, FL 32807.*





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# ***Central Florida Expressway Authority***

***Payment Card Industry (PCI) Assessment***

*January 2019*

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# PCI Data Security Standard

*The assessment focused on over 400 controls within the following twelve domains of the PCI Data Security Standard*

<b><i>Build and Maintain a Secure Network</i></b>	<ol style="list-style-type: none"><li>1. Install and maintain a firewall configuration to protect cardholder data</li><li>2. Do not use vendor-supplied defaults for system passwords and other security parameters</li></ol>
<b><i>Protect Cardholder Data</i></b>	<ol style="list-style-type: none"><li>3. Protect stored cardholder data</li><li>4. Encrypt transmission of cardholder data across open, public networks</li></ol>
<b><i>Maintain a Vulnerability Management Program</i></b>	<ol style="list-style-type: none"><li>5. Use and regularly update anti-virus software or programs</li><li>6. Develop and maintain secure systems and applications</li></ol>
<b><i>Implement Strong Access Control Measures</i></b>	<ol style="list-style-type: none"><li>7. Restrict access to cardholder data by business need to know</li><li>8. Assign a unique ID to each person with computer access</li><li>9. Restrict physical access to cardholder data</li></ol>
<b><i>Regularly Monitor and Test Networks</i></b>	<ol style="list-style-type: none"><li>10. Track and monitor all access to network resources and cardholder data</li><li>11. Regularly test security systems and processes</li></ol>
<b><i>Maintain an Information Security Policy</i></b>	<ol style="list-style-type: none"><li>12. Maintain a policy that addresses information security for all personnel</li></ol>



# Summary of the Assessment

- Protiviti team performed onsite and remote fieldwork between July 9, 2018 through October 26, 2018.
- A Report on Compliance was submitted on October 26, 2018 to Bank of America Merchant Services.
- Fieldwork was conducted through a variety of methods including documentation review, interviews, technical analysis, and physical investigation.
- All CFX individuals involved were extremely helpful and well attuned to the importance of the assessment.





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### **Confidentiality Statement and Restriction for Use**

**This document contains confidential material proprietary to Protiviti Inc. ("Protiviti"), a wholly-owned subsidiary of Robert Half ("RHI"). RHI is a publicly-traded company and as such, the materials, information, ideas, and concepts contained herein are non-public, should be used solely and exclusively to evaluate the capabilities of Protiviti to provide assistance to the consumer Company, and should not be used in any inappropriate manner or in violation of applicable securities laws. The contents are intended for the use of the consumer Company and may not be distributed to third parties.**

# **DHSMV Data Security Assessment**

**Central Florida Expressway Authority**

**November 2018**

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# FY2019 DHSMV Data Security Assessment

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## Executive Summary

### Overview

During the period of November 5, 2018 to November 16, 2018, Internal Audit performed a Data Security Assessment of the Department of Highway Safety and Motor Vehicles (“DHSMV”) data within the Central Florida Expressway Authority (“CFX”) environment. The objectives of the assessment were to review internal controls for gaps in design related to the requirements set forth in *Section V – Safeguarding Information*, of the DHSMV Drivers License or Motor Vehicle Record Data Exchange Memorandum of Understanding (“MOU”).

The summarized objectives of Section V are:

- Information exchanged will not be used for any purposes not specifically authorized by the MOU. Unauthorized use includes, but is not limited to, queries not related to a legitimate business purposes, personal use, and the dissemination, sharing, copying or passing of this information to unauthorized persons.
- Information exchanged by electronic means will be stored in a place physically secure from access by unauthorized persons.
- Access to the information will be protected in such a way that unauthorized persons cannot review or retrieve the information.
- All personnel with access to the information exchanged under the terms of the MOU will be instructed of, and acknowledge their understanding of, the confidential nature of the information. These acknowledgements must be maintained in a current status by the Requesting Party (CFX).
- All personnel with access to the information will be instructed of, and acknowledge their understanding of, the criminal sanctions specified in state law for unauthorized use of the data. These acknowledgements must be maintained in a current status by the Requesting Party (CFX).
- All access to the information must be monitored on an on-going basis by the Requesting Party (CFX). In addition, the Requesting Party (CFX) must complete an annual audit to ensure proper and authorized use and dissemination.

# FY2019 DHSMV Data Security Assessment

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## Scope and Approach

Internal Audit conducted an assessment of the process used for safeguarding DHSMV data in the CFX environment. In order to complete this review, the following procedures were performed:

- Reviewed policies and procedures related to the safeguarding of electronic and physical data transfers, data storage, and data access.
- Conducted interviews with key personnel to understand the *Drivers License or Motor Vehicle Record Data Exchange* process.
- CFX Management approved the scope of work and believed it to be sufficient to meet the requirements of the MOU. Conducted testing of controls related to the following areas:
  - Policies and Procedures
  - Application Access
  - Segregation of Duties
  - Change Control
  - Data Storage
  - Data Transfer
  - Network Firewall
  - Network Architecture
  - Active Directory
  - Physical Security
- After testing was completed, analysis was performed to compare the results of testing to the control objectives outlined in the MOU.

# FY2019 DHSMV Data Security Assessment

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## Summary of Results

As a result of this review, Internal Audit identified zero (0) observations that should be addressed in order to enhance CFX's Drivers License or Motor Vehicle Data Exchange process.

# FY2019 DHSMV Data Security Assessment

## Appendix A – Controls Tested

	Control Objective	Control Description	Testing Results
1	Information exchanged will not be used for any purposes not specifically authorized by this agreement. Unauthorized use includes, but is not limited to, queries not related to a legitimate business purpose, personal use, and the dissemination, sharing, copying or passing of this information to unauthorized persons.	<b>Policies and Procedures:</b> CFX implements company-wide policies and procedures that enforce the safeguarding of company data and other sensitive customer data whether or not it is currently being used or accessed.	<b>Control Effective</b>
2	All personnel with access to the information exchanged under the terms of the Drivers License or Motor Vehicle Record Data Exchange MOU will be instructed of, and acknowledge their understanding of, the confidential nature of the information. These acknowledgements must be maintained in a current status by the requesting party.	<b>Training:</b> CFX requires in the hiring process that all users sign an acknowledgement after reviewing either the employee or contractor security guidelines handbook which covers the safeguarding of data. These acknowledgments must be maintained for all current/active users.	<b>Control Effective</b>
3	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	<b>TRIMS Access:</b> System access to the TRIMS applications for new users is appropriately administered through the submission of a New User Authorization Form. This form is completed by the new user's Manager and the proper approvals/signatures are obtained. Access to the applications is then administered by IT support.	<b>Control Effective</b>
4	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	<b>TRIMS Access - Terminated Users:</b> System access to the TRIMS application and company network is appropriately revoked in a timely fashion for terminated users. Upon receipt of a termination notification (email, authorization form, phone call, etc.) from HR or a Manager responsible for the terminated user, the user's system account is disabled immediately.	<b>Control Effective</b>



## FY2019 DHSMV Data Security Assessment

	Control Objective	Control Description	Testing Results
5	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	<b>Database-level Access:</b> Database-level access is restricted to the appropriate individuals through the use of unique accounts.	<b>Control Effective</b>
6	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	<b>Server-level Access:</b> Server-level access is restricted to the appropriate individuals through the use of unique accounts.	<b>Control Effective</b>
7	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	<b>FTP Gateway Access:</b> All individuals / user accounts with access to the FTP Gateway are authorized and appropriate.	<b>Control Effective</b>
8	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	<b>Host (HT250) Access:</b> All individuals / user accounts with access to the Host (HT250) are authorized and appropriate.	<b>Control Effective</b>
9	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	<b>Oracle DB Access:</b> All individuals / user accounts with access to the Oracle DB are authorized and appropriate.	<b>Control Effective</b>
10	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	<b>DOCPRD1 and DOCPRD2 Access:</b> All individuals / user accounts with access to the DOCPRD1 and DOCPRD2 servers are authorized and appropriate.	<b>Control Effective</b>
11	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	<b>Infoview Crystal Reports (RTPRD4) Server Access:</b> All individuals / user accounts with access to the Infoview Crystal Reports (RTPRD4) server are authorized and appropriate.	<b>Control Effective</b>

## FY2019 DHSMV Data Security Assessment

	Control Objective	Control Description	Testing Results
12	Information exchanged will not be used for any purposes not specifically authorized by this agreement. Unauthorized use includes, but is not limited to, queries not related to a legitimate business purpose, personal use, and the dissemination, sharing, copying or passing of this information to unauthorized persons.	<b>DHSMV Data Access:</b> Management performs a periodic review of user access across each of the in-scope entities to ensure that the assigned access level is commensurate with his/her job function.	<b>Control Effective</b>
13	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	<b>Change Control / Patch Management:</b> Dedicated test environments exist for the testing of changes and patches, where practical. CFX appropriately documents and tests each change.	<b>Control Effective</b>
14	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	<b>Change Control / Patch Management:</b> All changes and patches are authorized, executed, and documented according to stated procedures.	<b>Control Effective</b>
15	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	<b>Data Encryption:</b> Driver's license number as it is obtained from the DHSMV is encrypted when stored in the Oracle database.	<b>Control Effective</b>
16	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	<b>Network - Firewall:</b> CFX has an operational firewall in place to restrict access to the internal network.	<b>Control Effective</b>
17	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	<b>Network - Active Directory:</b> All individuals with Active Directory credentials are current, active users and all rights granted through Active Directory are commensurate with their current job responsibilities.	<b>Control Effective</b>

## FY2019 DHSMV Data Security Assessment

	Control Objective	Control Description	Testing Results
18	Information exchanged by electronic means will be stored in a place physically secure from access by unauthorized persons.	<b>Physical Security - Data Center:</b> Access to the data center(s) is restricted to appropriate personnel and is provided through the use of a physical key or key card.	<b>Control Effective</b>
19	Information exchanged by electronic means will be stored in a place physically secure from access by unauthorized persons.	<b>Physical Security - Work Areas:</b> Access to the work areas is restricted to appropriate personnel and is provided through the use of a physical key or key card.	<b>Control Effective</b>
20	All access to the information must be monitored on an on-going basis by the Requesting Party. In addition the Requesting Party must complete an annual audit to ensure proper and authorized use and dissemination.	<b>Logging &amp; Monitoring:</b> Logging and auditing functions are enabled on all in-scope entities. In addition, all system logs are monitored for unauthorized access and irregular activity.	<b>Control Effective</b>
21	All access to the information must be monitored on an on-going basis by the Requesting Party. In addition the Requesting Party must complete an annual audit to ensure proper and authorized use and dissemination.	<b>Vulnerability Scanning / Penetration Testing:</b> CFX performs periodic external vulnerability scans and penetration tests.	<b>Control Effective</b>





# Procurement and Contract Billings Audit

January 8, 2018

**CENTRAL  
FLORIDA  
EXPRESSWAY  
AUTHORITY**

# Executive Summary



## Objectives

In accordance with the 2019 Internal Audit Plan, Internal Audit audited two Central Florida Expressway Authority (“CFX”) contracts with a combined contract value exceeding \$85.3 million from a population of large currently active engineering, service, maintenance, operations, and construction projects. The last contract billing audit was completed during February 2018 and included a different set of contracts. The objectives of this audit were to (1) audit the accuracy of items billed to CFX in accordance with contract terms and conditions, and (2) identify and test key processes and controls related to contract procurement, contract administration, project and cost management, and supplemental agreement management.



## Audit Approach

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

### Phase I – Contract Analysis and Selection

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

1. **Southland Construction, Inc. (#001123)** – Contract for construction of S.R. 429 (Wekiva Parkway) Systems Interchange. Work under this contract began in January 2016 and has a current contract value of approximately \$83 million. As taken from Eden, CFX’s accounting system, total expenditures to date at the time of the audit were approximately \$74 million. The Southland Construction contract was selected for audit due to the size and spend to date, and because the contract was in the process of being closed out during the testing timeframe, so that the close-out process could be reviewed and potential recoveries could be easily pursued should they be identified.
2. **Kapsch Trafficcom USA, Inc. (#001283)** formerly Schneider Electric Mobility NA, Inc. (#001113) – Contract for maintenance of ITS infrastructure. Work under this contract began in January 2017 and has a current contract value of approximately \$2.3 million. As taken from Eden, total expenditures to date at the time of this audit were approximately \$2.1 million. This contract was selected as a maintenance contract has not been audited previously.

### Phase II – Processes and Controls Review

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

# Executive Summary



## Audit Approach

In September 2018, Internal Audit completed a review of open recommendations issued as part of the prior year 2018 Procurement and Contract Billing Audit and verified that all have been incorporated into practice and policy by CFX staff. The audit recommendations issued during prior year audits were also considered and incorporated for review as part of the 2019 Procurement and Contract Billing Audit in order to verify that prior years' findings were resolved and are not prevalent in the contracts selected for current evaluation and testing.

### Phase III – Contract-Specific Audit Procedures

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

Contract	Contract Value	Spend to Date [1]	Sample Tested [2]	% Spend Tested
Southland Construction, Inc.	\$83,003,713	\$74,009,444	\$46,368,997	63%
Kapsch Trafficcom USA, Inc.	\$2,374,388	\$2,153,854	\$1,561,963	73%
Total	\$85,378,101	\$76,163,298	47,930,960	63%

[1] As of October 19, 2018

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

### Phase IV – Reporting and Deliverables

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

# Executive Summary



## Summary of Procedures and Results

For the contracts selected for audit, Internal Audit identified risks and tested 87 key controls within the process areas outlined below. Where applicable, a sample of detailed project costs was reviewed and tested for compliance with contract terms and conditions. The procedures performed resulted in a clean audit, and no internal control findings or process improvement recommendations were identified as part of the review. The table below provides an overview of the areas reviewed for each contract audited.

Process	Procedures Performed / Key Areas Reviewed	Total Controls Tested	Number of Observations
Procurement	Project funding and bid authorization, project bidding (sealed bids and competitive sealed proposals), bid awards, bid bond requirements, and contract renewals.	25	-
Contract Administration	Contract terms and conditions, insurance, bond and permitting requirements, and minority and women owned business ("MWBE") requirements.	10	-
Project & Cost Management	Invoice processing, project planning, scheduling, quality control, subcontract management, cost management, owner direct material purchases ("ODMP") management, and project reporting.	38	-
Change Order Management	Supplemental agreement review, approval, and execution.	9	-
Project Closeout	Preparation, approval, and submission of project close-out documents.	5	-
<b>TOTALS:</b>		<b>87</b>	<b>-</b>

Further details related to the specific procedures performed are provided in Appendix A.



# Appendix A

## *Detailed Audit Procedures Performed*

# Detailed Audit Procedures Performed

## Procurement

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

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



# Detailed Audit Procedures Performed

## Contract Administration

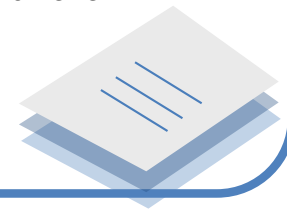
Internal Audit performed detailed audit procedures related to key contract terms and conditions utilized by CFX including the satisfaction of insurance, bonding, permitting and MWBE requirements by the contractors selected for testing. The procedures performed included:

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

## Change Order Management

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

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



# Report Distribution

## Project & Cost Management

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

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

## Project Close-Out

Internal Audit performed detailed audit procedures related to completion of payments, Document Summary Manual from the CEI, and the contract closeout checklist. The procedures performed included:

- ❖ Testing of the completion of key project closeout documents; including submission of final payment, completion of the Document Summary Manual by the CEI, and completion of the contract closeout checklist with supporting documentation.



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**CUSTOMER SERVICE PERFORMANCE  
REVIEW**

**Backup will be provided at a later date**

# UPCOMING INTERNAL AUDITS

No Backup

# AUDIT COMMITTEE CHARTER

Permanent Rule 9-1

Department: Board and Committees

Supersedes: Audit Committee Charters from  
10/27/10, 1/23/13, 9/11/14, 10/8/15, and 4/14/16

Date of Board Approval: 7/13/17



**A RESOLUTION OF THE  
CENTRAL FLORIDA EXPRESSWAY AUTHORITY  
AMENDING ITS  
AUDIT COMMITTEE CHARTER  
TO ADD AN APPOINTEE FROM THE BREVARD  
COUNTY COMMISSION**

WHEREAS, the Central Florida Expressway Authority (CFX) is Central Florida's regional expressway authority duly authorized by state law to maintain and operate an expressway system in Lake, Orange, Osceola, Seminole and Brevard counties; and

WHEREAS, CFX previously adopted a policy creating the Audit Committee and its Charter; and

WHEREAS, in the 2017 legislative session the Florida Legislature adopted Senate Bill 720 which expanded the CFX governing Board to include an appointee from the Brevard County Commission; and

WHEREAS, the governing Board wishes to amend its previously adopted Audit Committee Charter to be consistent with the state legislation.

NOW THEREFORE, BE IT RESOLVED BY THE CENTRAL FLORIDA EXPRESSWAY AUTHORITY, the following amendments are hereby adopted by the governing Board:

Section 1. The Audit Committee shall be composed of the following voting members:

1. Orange County staff member or citizen representative appointed by the Orange County Commission or in accordance with Orange County's policies providing for appointments to other governmental agencies;
2. City of Orlando staff member or citizen representative appointed by the City of Orlando Commission or in accordance with the City of Orlando's policies providing for appointments to other governmental agencies;
3. Lake County staff member or citizen representative appointed by Lake County Commission or in accordance with Lake County's policies providing for appointments to other governmental agencies;
4. Osceola County staff member or citizen representative appointed by the Osceola County Commission or in accordance with Osceola County's policies providing for appointments to other governmental agencies;
5. Seminole County staff member or citizen representative appointed by the Seminole County Commission or in accordance with Seminole County's policies providing for appointments to other governmental agencies.

6. Brevard County staff member or citizen representative appointed by the Brevard County Commission or in accordance with Brevard County’s policies providing for appointments to other governmental agencies.
7. Up to three (3) citizen representatives appointed by the CFX governing Board after receiving nominations submitted by the gubernatorial Board appointees. The term for such appointments shall be for two years commencing upon appointment which term may be renewed.

One nomination per gubernatorial appointee is allowed, but it shall not be mandatory that nominations be made. Committee member appointments may not be delegated. The Committee members will serve at the pleasure of their respective jurisdictions. County and City appointments may include contract personnel currently providing services to the appointing entity. Notwithstanding the two year term, the citizen representatives shall serve at the pleasure of the CFX Board. Committee members should have financial expertise in general accounting principles and experience reviewing financial statements and audit reports.

Section 2. Chairman selection. The Audit Committee will be chaired on an annual, rotating basis beginning September 1, 2017, in the following order (current 2016-17 term remains in effect):

Current	Seminole County Representative
2017-2018	Osceola County Representative
2018-2019	One of Citizen Representatives
2019-2020	Lake County Representative
2020-2021	City of Orlando Representative
2021-2022	Brevard County Representative
2022-2023	Orange County Representative

The Audit Committee Chair shall serve as the Board Liaison and attend CFX Board meetings.

Section 3. Quorum. If all three gubernatorial Board members make nominations and the Board approves the appointments, the Committee shall consist of nine members and a quorum shall be five members present. If only two appointments are made the Committee shall consist of eight members and a quorum shall be five members present. If only one appointment is made the Committee shall consist of seven members and a quorum shall be four members present. In order for any action or recommendation to pass there must be a majority affirmative vote of the quorum based on the then current composition of the Committee.

Section 4. The revised Charter is adopted in its entirety as Exhibit “A.”

Section 5. This Resolution shall become effective upon adoption.


ADOPTED this 13<sup>th</sup> day of July 2017.



Buddy Dyer  
CFX Board Chairman

ATTEST:   
Darleen Mazzillo  
Executive Assistant

Approved as to form and legality:



Joseph L. Passiatore  
General Counsel

**EXHIBIT "A"**  
**CENTRAL FLORIDA EXPRESSWAY AUTHORITY BOARD**  
**AUDIT COMMITTEE CHARTER**

**PURPOSE**

The Audit Committee's primary function is to assist the Authority Board in fulfilling its oversight responsibilities by reviewing the financial information, systems of internal control which Management has established, the audit process, the process for monitoring compliance with laws and regulations and the Code of Ethics. In doing so, it is the responsibility of the Audit Committee to provide an open avenue of communication between the Authority Board, Management, the Internal Auditor, and external auditors. The Audit Committee is provided specific authority to make recommendations to the Chief Financial Officer, the Executive Director and the Authority Board.

**ORGANIZATION**

The Audit Committee shall be composed of the following voting members:

1. Orange County staff member or citizen representative appointed by the Orange County Commission or in accordance with Orange County's policies providing for appointments to other governmental agencies;
2. City of Orlando staff member or citizen representative appointed by the City of Orlando Commission or in accordance with the City of Orlando's policies providing for appointments to other governmental agencies;
3. Lake County staff member or citizen representative appointed by Lake County Commission or in accordance with Lake County's policies providing for appointments to other governmental agencies;
4. Osceola County staff member or citizen representative appointed by the Osceola County Commission or in accordance with Osceola County's policies providing for appointments to other governmental agencies;
5. Seminole County staff member or citizen representative appointed by the Seminole County Commission or in accordance with Seminole County's policies providing for appointments to other governmental agencies.
6. Brevard County staff member or citizen representative appointed by the Brevard County Commission or in accordance with Brevard County's policies providing for appointments to other governmental agencies.
7. Up to three (3) citizen representatives appointed by the CFX governing Board after receiving nominations submitted by the gubernatorial Board appointees. The term for such appointments shall be for two years commencing upon appointment which term may be renewed. One nomination per gubernatorial appointee is allowed, but it shall not be mandatory that nominations be made.

Committee member appointments may not be delegated. The Committee members will serve at the pleasure of their respective jurisdictions. County and City appointments may include contract personnel currently providing services to the appointing entity. Notwithstanding the two year term, the citizen representatives shall serve at the pleasure of the CFX Board. Committee members should have financial expertise in general accounting principles and experience reviewing financial statements and audit reports.

## **CHAIRMAN SELECTION**

The Audit Committee will be chaired on an annual, rotating basis beginning September 1, 2017, in the following order (current 2016-17 term remains in effect):

Current	Seminole County Representative
2017-2018	Osceola County Representative
2018-2019	One of Citizen Representatives
2019-2020	Lake County Representative
2020-2021	City of Orlando Representative
2021-2022	Brevard County Representative
2022-2023	Orange County Representative

The Audit Committee Chair shall serve as the Board Liaison and attend CFX Board meetings.

## **SUPPORT STAFF**

The Internal Audit Director and the external auditors shall have direct and independent access to the Audit Committee and individually to members of the Audit Committee. The Committee shall have unrestricted access to employees and relevant information. The Committee may retain independent counsel, accountants or others to assist in the conduct of its responsibilities, subject to the Authority's procurement policy.

## **QUORUM**

If all three gubernatorial Board members make nominations and the Board approves the appointments, the Committee shall consist of nine members and a quorum shall be five members present. If only two appointments are made the Committee shall consist of eight members and a quorum shall be five members present. If only one appointment is made the Committee shall consist of seven members and a quorum shall be four members present. In order for any action or recommendation to pass there must be a majority affirmative vote of the quorum based on the then current composition of the Committee.

## **MEETINGS**

The Audit Committee shall meet at least quarterly. Meetings may be called by the Authority Board Chairman, the Audit Committee Chair, or any two Committee members. Public notice shall be provided in accordance with State law.

The agenda will be prepared by the Internal Audit Director and approved by the Chair and provided in advance to members, along with appropriate briefing materials. In the absence of any objection, the Chair or any Committee member may add or subtract agenda items at a meeting. In the event of objection, a majority vote shall decide.

The Committee meeting minutes and any Committee recommendations shall be submitted to the Authority Board for consideration.

## **RESPONSIBILITIES**

### Financial Reporting Oversight

1. Review with Management and the external auditors:

- The annual financial statements and related footnotes;
  - The external auditors' audit of the financial statements and their report;
  - Management's representations and responsibilities for the financial statements;
  - Any significant changes required in the audit plan;
  - Information from the external auditors regarding their independence;
  - Any difficulties or disputes with Management encountered during the audit;
  - The organization's accounting principles;
  - All matters required to be communicated to the Committee under generally accepted auditing standards.
2. Review with Management, the Authority's financial performance on a regular basis.

#### Internal Control and Risk Assessment

3. Review with Management the effectiveness of the internal control system, including information technology security and control.
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.
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.

#### 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 noncompliance.

#### Code of Ethics

7. Review with Management and monitor adequacy, administration, and compliance with the Authority's Code of Ethics.
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.

#### Internal Audit

9. Recommend to the Board the appointment or removal of the Internal Audit Director.
10. Review and approve the annual internal audit plan and all major changes to the plan.
11. Review the internal audit budget and submit to the Finance Committee.
12. Review and approve the Internal Audit Department Charter.
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.
14. Review annually the performance of the Internal Audit Director.
15. Review annually the effectiveness of the internal audit function.

#### External Audit

16. Appoint an Audit Committee Member to serve on the Selection Committee for all external audit services.
17. Recommend to the Authority Board the external auditors to be appointed and the related compensation.
18. Review and approve the discharge of the external auditors.

19. Review the scope and approach of the annual audit with the external auditors.
20. Approve all non-audit services provided by the external auditors.

Other Authority and Responsibilities

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

INTERNAL AUDIT BUDGET FOR  
FISCAL YEAR 2020

Backup will be provided at a later date