CENTRAL FLORIDA EXPRESSWAY AUTHORITY

AGENDA
AUDIT COMMITTEE MEETING
January 26, 2022
10:00 a.m.

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

A. **CALL TO ORDER**

B. **PUBLIC COMMENT**
Pursuant to Section 286.0114, Florida Statutes and CFX Rule 1-1.011, the Audit Committee provides for an opportunity for public comment at the beginning of each regular meeting. The Public may address the Committee on any matter of public interest under the Committee's authority and jurisdiction, regardless of whether the matter is on the Committee's agenda but excluding pending procurement issues. Each speaker shall be limited to 3 minutes.
The Public may also submit written comments in advance of the meeting to be read into the record except that if the comments exceed 3 minutes in length, when read, they will only be attached as part of the minutes.

C. **APPROVAL OF OCTOBER 27, 2021 AUDIT COMMITTEE MEETING MINUTES** (action item)

D. **AGENDA ITEMS**

1. **STATUS UPDATE: FISCAL 2022 INTERNAL AUDIT PLAN** – *Jeff Tecau, Managing Director, Protiviti* (info item)

2. **REVIEW AND ACCEPTANCE OF ENGINEERING AND CONSTRUCTION INVOICE REVIEW** – *Jon Critelli, Managing Director, Protiviti* (action item)

3. **REVIEW AND ACCEPTANCE OF PROCUREMENT AND CONTRACT BILLING AUDIT** – *Graham Wigle, Manager, Protiviti* (action item)

4. **REVIEW AND ACCEPTANCE OF PAYMENT CARD INDUSTRY ASSESSMENT WITH REPORT ON COMPLIANCE** –Chris Porter, Associate Director, Protiviti (action item)

5. **REVIEW AND ACCEPTANCE OF DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLE DATA SECURITY ASSESSMENT** – *Chris Porter, Associate Director, Protiviti* (action item)

6. **REVIEW AND ACCEPTANCE OF DRIVER AND VEHICLE INFORMATION DATABASE DATA SECURITY ASSESSMENT** – *Chris Porter, Associate Director, Protiviti* (action item)

7. **EXTERNAL AUDITOR SELECTION** – *Lisa Lumbard, Chief Financial Officer* (action item)

8. **INTERNAL AUDIT BUDGET FOR FISCAL YEAR 2023** – *Lisa Lumbard, Chief Financial Officer* (action item)

E. OTHER BUSINESS

F. 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, they will need a record of the proceedings, and that, for such purpose, they 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.

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 at least three (3) business days prior to the event.

In accordance with the Americans with Disabilities Act (ADA), if any person with a disability as defined by the ADA needs special accommodations to participate in this proceeding, then they should contact the Central Florida Expressway Authority at (407) 690-5000 no later than two (2) business days prior to the proceeding.

Please note that participants attending meetings held at the CFX Headquarters Building are subject to certain limitations and restrictions in order to adhere to the CDC guidelines and to ensure the safety and welfare of the public.

C.

APPROVAL OF OCTOBER 27, 2021 AUDIT COMMITTEE MEETING MINUTES

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

DRAFT MINUTES
CENTRAL FLORIDA EXPRESSWAY AUTHORITY
AUDIT COMMITTEE MEETING
October 27, 2021

Location: Central Florida Expressway Authority
4974 ORL Tower Road
Orlando, FL 32807
Board Room

Committee Members Present:
Kathy Wall, Brevard County Representative, Chairman
Lorie Bailey Brown, Seminole County Representative
Kaye Dover, Osceola County Representative
Michelle McCrimmon, City of Orlando Representative
Ray Walls, Orange County Representative
Megan Zee, Citizen Representative

Committee Members Not Present:
Kristy Mullane, Lake County Representative

Staff Present:
Laura Kelley, Executive Director
Lisa Lumbard, Chief Financial Officer
Jim Greer, Chief Technology and Operating Officer
Woody Rodriguez, General Counsel
Michael Carlisle, Director of Accounting and Finance
Aneth Williams, Director of Procurement
Rita Moore, Recording Secretary/Executive Administrative Coordinator

A. CALL TO ORDER

The meeting was called to order at approximately 09:59 a.m. by
Chairman Wall.

B. PUBLIC COMMENT

There was no public comment.

C. APPROVAL OF THE JUNE 23, 2021 MINUTES

A motion was made by Ms. Bailey Brown and seconded by Mr. Walls to approve the June 23, 2021 minutes with a correction to page 4, paragraph 2, "Ms. Kathy Walls"' was corrected to read "Ms. Kathy Wall". The motion carried unanimously with six (6) members present voting AYE by voice vote. Ms. Mullane was not present.

D. AGENDA ITEMS

1. **REVIEW AND ACCEPTANCE OF EXTERNAL AUDIT OF FISCAL 2021 FINANCIAL STATEMENTS AND REQUIRED COMMUNICATIONS**

Mr. Dan O'Keefe and Mr. Joel Knopp of MSL CPA and Advisors, presented the External Audit of Fiscal 2021 Financial Statements and Required Communications.

Committee members asked questions which were answered by Mr. O'Keefe and Mr. Knopp.

A motion was made by Mr. Walls and seconded by Ms. Bailey Brown to accept the External Audit of Fiscal 2021 Financial Statements and Required Communications. The motion carried unanimously with six (6) members present voting AYE by voice vote. Ms. Mullane was not present.

2. **STATUS UPDATE: FISCAL 2021 INTERNAL AUDIT PLAN**

Mr. Jeff Tecau of Protiviti presented the Status Update: Fiscal 2021 Internal Audit Plan.

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

3. **REVIEW AND ACCEPTANCE OF SECURE CODE REVIEW**.

Mr. Chris Porter of Protiviti presented the Secure Code Review Summary.

Committee members asked questions which were answered by Mr. Porter and Mr. Greer.

A motion was made by Ms. Bailey Brown and seconded by Ms. McCrimmon to accept the Secure Code Review as presented. The motion carried unanimously with six (6) members present voting AYE by voice vote. Ms. Mullane was not present.

4. **REVIEW AND ACCEPTANCE OF PRIOR AUDIT RECOMMENDATIONS: SEMI-ANNUAL FOLLOW-UP**

Mr. Graham Wigle of Protiviti presented the Prior Audit Recommendations: Semi-Annual Follow-Up.

Committee members asked questions which were answered by Ms. Lumbard and Mr. Greer.

A motion was made by Ms. Dover and seconded by Ms. Zee to accept the Prior Audit Recommendations: Semi-Annual Follow-Up as presented. The motion carried unanimously with six (6) members present voting AYE by voice vote. Ms. Mullane was not present.

5. **PROCUREMENT AND CONTRACT BILLING AUDITS – CONTRACT SELECTION**

Mr. Graham Wigle of Protiviti presented the Procurement and Contract Billing Audits – Contract Selection.

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

6. **ERP SYSTEM SELECTION UPDATE**

Ms. Lisa Lumbard, Chief Financial Officer presented an update on the ERP System Selection.

Committee members asked questions which were answered by Ms. Lumbard and Mr. Greer.

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

E. **OTHER BUSINESS**

No other business was reported.

F. **ADJOURNMENT**

Chairman Wall adjourned the meeting at approximately 10:40 a.m.

Minutes approved on _____, 2022.

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.
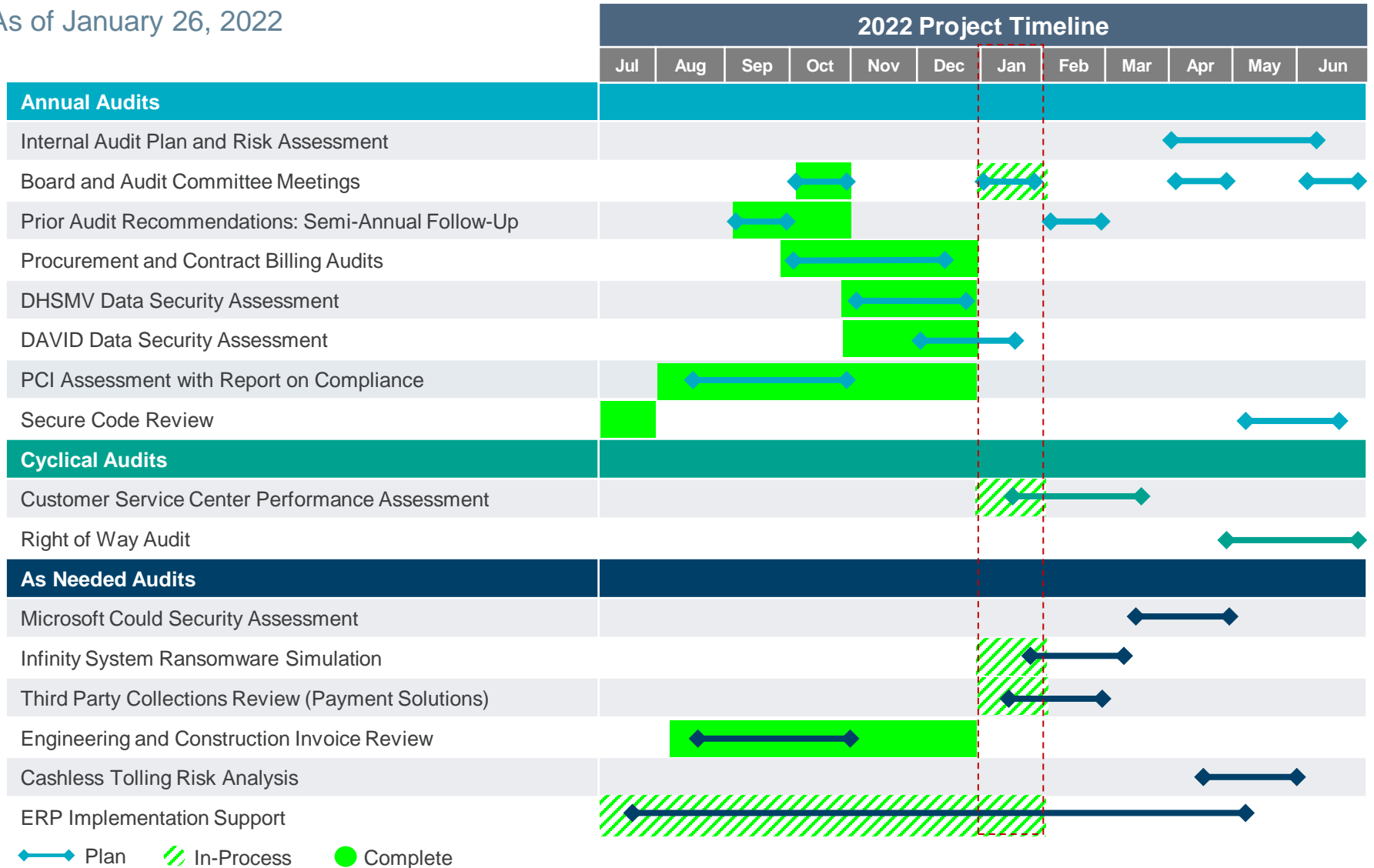
D.1

STATUS UPDATE: FISCAL 2022 INTERNAL AUDIT PLAN

INTERNAL AUDIT STATUS

As of January 26, 2022

	2022 Project Timeline											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Annual Audits												
Internal Audit Plan and Risk Assessment												
Board and Audit Committee Meetings												
Prior Audit Recommendations: Semi-Annual Follow-Up												
Procurement and Contract Billing Audits												
DHSMV Data Security Assessment												
DAVID Data Security Assessment												
PCI Assessment with Report on Compliance												
Secure Code Review												
Cyclical Audits												
Customer Service Center Performance Assessment												
Right of Way Audit												
As Needed Audits												
Microsoft Could Security Assessment												
Infinity System Ransomware Simulation												
Third Party Collections Review (Payment Solutions)												
Engineering and Construction Invoice Review												
Cashless Tolling Risk Analysis												
ERP Implementation Support												

Plan   In-Process   Complete

CENTRAL FLORIDA EXPRESSWAY AUTHORITY   protiviti

D.2

REVIEW AND ACCEPTANCE OF ENGINEERING AND CONSTRUCTION INVOICE REVIEW

ENGINEERING AND CONSTRUCTION INVOICING REVIEW

November 2021

protiviti®

Face the Future with Confidence

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

Internal Audit, Risk, Business & Technology Consulting

TABLE OF CONTENTS

protiviti

EXECUTIVE SUMMARY

Overview

Background

The Central Florida Expressway Authority (CFX) currently owns and operates 125 centerline miles of roadway and is responsible for the construction, maintenance, and operation of the expressway system in the Central Florida Area. In FY22, CFX has more than 15 Planning Studies, Design Projects, and/or Construction Projects that are ongoing or completed on one of the nine CFX Toll Roads (SR 409, SR 414, SR 417, SR 429, SR 451, SR 528, SR 453, SR 538, and SR 516)

As part of CFX's efforts to continuously develop and maintain new and safe expressways, CFX engages third-party vendors for construction and professional services to conduct construction management and engineering activities. Third-party vendors are used for the following services:

- **Construction Management Consultant (CMC)** - Overall management and oversight of construction projects to track project performance, review project documentation, and conduct quality controls of construction activity.
- **Construction Engineering and Inspection Consultant (CEI)** - Management of day-to-day construction activities, contract administration, inspection, and verification of contract compliance by the general contractor (GC).
- **General Engineering Consultant (GEC)** - Management and oversight of design, review, and coordination of the design and construction phases of CFX projects.
- **General Contractor (GC) -** Construction of expressways within the design specifications, and procurement and management of construction subcontractors.

protiviti

EXECUTIVE SUMMARY

🎯 Objectives, Scope, & Approach

Objectives

In accordance with the 2022 Internal Audit Plan, Internal Audit conducted a review of CFX's engineering and construction invoice management process with third-party vendors to identify improvement opportunities related to invoicing process efficiency, using technology to review and process invoices, and contracting methodologies with awarded vendors.

Scope and Approach

To achieve the objectives of this review, the following procedures were performed:

- Conducted interviews with CFX staff and reviewed applicable documentation regarding the current engineering and construction invoicing and payment process, the use of technology for payment processing and approvals, and contracting methodologies.

- Developed documentation of the current state and compared CFX's current state processes to leading practices utilized by companies to identify improvement opportunities related to:

    o Invoice submission and receipt
    o Invoice review and approval workflow
    o Invoice reconciliation
    o Invoice submission and processing by Accounts Payable

- Reviewed technologies currently utilized by CFX receive, review, and approve invoices to identify opportunities to improve consistency and efficiency.
- Reviewed CFX's contracting methods for professional services to better understand impacts of current terms and conditions and compare to a similar agency that executes similar types of projects.
- Conducted interviews with external, third-party general contractors and professional service vendors to better understand process inefficiencies and consistency issues related to invoice submission, required invoice support, and average time to payment.

protiviti

EXECUTIVE SUMMARY

Summary of Observations

The following observations and improvement opportunities were noted during the review of CFX's Engineering and Construction invoicing process.

M **Invoice Review and Approval Workflow**

Several opportunities exist to enhance the current engineering and construction invoice review and approval process related to the following areas:

- **Invoice Submission** – Standardized submission requirements for vendor invoices and supporting documentation do not exist.

- **Automated Invoice Routing and Re-routing** – Reviewed and approved invoices must be manually moved or routed to the next appropriate stakeholder. System-based workflows offered by SharePoint or other invoicing applications are not utilized.

- **Manual Invoice Review** – Current procedures require CFX project stakeholders to manually review, recalculate, and potentially correct incorrect or inaccurate invoicing metrics (e.g., EA, PK, SQFT, Hours, etc.).

- **Invoice Status Monitoring** – Current system limitations make it difficult for CFX project managers to easily identify the progress of vendor invoices within the review and approval workflow as well as current payment status.

L **Delegation of Authority**

Several opportunities exist within CFX's Delegation of Authority for engineering and construction invoices related to following areas:

- **Out of Office Stakeholders** – The current CFX invoice review and approval processes require stakeholders to be cognitive of out of office stakeholders when routing for review and approval.

- **Invoice Approval Thresholds** – CFX policy requires invoices greater than $50,000 to receive executive approval. The high percentage of invoices that exceed this approval threshold funnel a large volume of invoices associated with projects that have been previously approved through the executive team for review and approval.

- **Redundant Review and Approval Requirements** – Redundancies exist in the SharePoint folder structure where invoices are reviewed and approved multiple times through the lifecycle of the payment process.

protiviti

EXECUTIVE SUMMARY

Summary of Observations *(continued)*

L **Integration Between SharePoint and Eden**

Eden, CFX's ERP software, is not integrated with SharePoint. SharePoint is used to track, review, and approve invoices. This creates opportunities related to the following areas:

- **Aggregation of Real-Time Project Data** – Lack of integration between SharePoint and Eden limits insight into real-time project data and requires manual and inefficient methods to aggregate project costs that may be inaccurate at the time of data collection.

- **Payment Status Identification** – Limited insight into project payment status exists, impacting the ability to efficiently identify the status of a payment in the event of inquiry by a vendor.

protiviti

EXECUTIVE SUMMARY

Contracting Methodology

Internal Audit conducted an analysis comparing CFX's current contracting methodologies with another government agency that executes similar roadway construction projects and general alternative contracting methods. The agency reviewed utilizes comparable contracting methodologies for Professional Service vendors. **Internal Audit recommends that CFX should maintain its current contracting methods with consideration for other improvement opportunities to policy, process, and systems.**

The following attributes were identified specific to CFX's Current Contracting Method as compared to the alternative contracting methods of Lump Sum and Time and Material (w/ Cap) / Not to Exceed.

CFX Hybrid Contracting Method	Lump Sum	Time and Material (w/ Cap) / Not to Exceed
Hybrid Description: • Limiting amount for salary related and subconsultant costs • Fixed Fee for operating margin / profit paid • Lump Sum amount for expenses **Pros:** • Current contract structure of similar organizations for Service Providers • Shifted risk from CFX to Service Provider • Easily executed change order (if needed) due to pre-determined rates **Neutral:** **Cons:** • Increased administrative review of Service Provider's invoice backup *This is the current contracting method in-use by CFX and similar agencies*	**Pros:** • Predictability of project budget / invoice amounts • Expectation of Service Provider to complete services more efficiently • Efficient invoicing process • Decreased project oversight of Service Provider • Project related risk shifted to Service Provider **Neutral:** **Cons:** • Increased costs related to the shift in project risk from CFX to Service Provider • Undefined scope of work / deliverables may result in increased costs **Scenario for Use:** • Simple and straightforward scopes of work with clearly defined deliverables	**Pros:** • Simple contract structure • Pre-determined rates and material cost for invoicing **Neutral:** • CFX and service provider share project / engagement related risk, with reduced risk to CFX for Not to Exceed **Cons:** • Increased progress tracking to align with invoice amounts • Maximum administrative requirement for CFX project management team • Projects that are not meeting deliverable expectations may incur change orders / increased costs **Scenario for Use:** • When services are in low-demand and CFX may capitalize on limited engagement opportunity

*Contract review focused on contracting methods that may be appropriate for __only__ professional services, and Construction remaining a unit price-based contract

protiviti

DETAILED OBSERVATIONS

DETAILED OBSERVATIONS

Observation 1 – Invoice Review and Approval Workflow

Elements of Infrastructure

Relative Priority
Moderate

Business Policies → Business Processes → People & Organization → Management Reports → Methodologies → Systems & Data

Observation

The current invoice review and approval process was developed and implemented as a result of local and state-wide shutdowns during the COVID pandemic. It closely resembles previous manual processes, where paper invoices are delivered from one reviewer and approver to another. In the updated process, SharePoint is used to manually move invoicing documents from one folder to another. This new process represents a significant improvement in efficiency to review, approve, and retain documents. Further opportunities exist within the following areas:

- **Invoice Submission** – Standardized submission requirements for vendor invoices and supporting documentation do not exist.

- **Automated Invoice Routing and Re-routing** – Reviewed and approved invoices must be manually moved or routed to the next appropriate stakeholder and system-based workflows offered by SharePoint are not utilized.

- **Manual Invoice Review** – Current procedures require CFX project stakeholders to manually review, recalculate, and potentially correct incorrect or inaccurate invoicing metrics (e.g., EA, PK, SQFT, Hours, etc.).

- **Invoice Status Monitoring** – System limitations make it difficult for CFX project managers to identify the location of vendor invoices within the review and approval workflow, and to easily identify current payment status.

A comparison of Average Time to Payment between CFX and other organizations with similar roadway development projects is below.   Based upon a discussion of FDOT's invoicing applications (e.g., CITS) and related procedures, FDOT has implemented invoicing applications for Professional Services and Construction to efficiently receive, route, approve, and process invoices in a timely and effective manner.

Contractor	Contract Type	Average Time to Payment (Days)	
		Similar Agency	**CFX**
SEMA Construction	Construction	10	35.5
The Lane Construction Corporation	Construction	10.5	40
RK&K	Construction	14	28
PI Consulting Services	Professional Services	14	30 – 45

Invoice processing information (in days) provided by external stakeholder from each of the third-parties listed

protiviti

DETAILED OBSERVATIONS

Observation 1 – Invoice Review and Approval Workflow *(continued)*

Elements of Infrastructure

Relative Priority
Moderate

Recommendation

CFX should consider the below immediate, short-term recommendations and strategic, long-term recommendation to enhance the construction and engineering invoice review and approval workflow. The short-term recommendations are focused on enhanced leverage of current SharePoint functionality, while the long-term recommendation is contingent upon future investments in technology.

Short-Term Recommendations for SharePoint Enhancement:

- **Workflow Approval** – SharePoint workflow capabilities that can route a document or item to collection of stakeholders for review and approval, can also be configured to re-route approval requirements based on stakeholders out of office.

- **Digital or Electronic Signature** – SharePoint workflow can be configured to require approvers to provide a digital or electronic signature for specific stakeholders within an approval workflow.

- **Stakeholder Feedback** – SharePoint configuration can include capabilities by reviewers to provide feedback from stakeholders to include for subsequent approvers to consider prior to any payment authorization.

- **Workflow Automation** – SharePoint automation can include workflow capabilities to push documentation to appropriate next stakeholder in workflow to review and/or approve.

- **User Notifications** – SharePoint 'Assign a Task' can be used to alert users when invoices have been delivered to individual folders or invoice review and approvals surpass key processing dates.

Long-Term Recommendation:

CFX should perform a comprehensive review of available and customizable invoice software applications to replace SharePoint. This should include the review and prioritization of business and end-user requirements of a selected application (e.g., third-party portal for document upload, automated workflow, pre-determined or required inputs, electronic approval and signature, system notifications, audit functionality, etc.), the development of a short list of potential platforms, and, following a system selection, the performance of in-depth workshops with key stakeholders to identify all requirements for User Interface and User Experience. CFX should utilize the Short-Term Recommendation functionalities when selecting a future technology to replace the current SharePoint folder system.

protiviti

DETAILED OBSERVATIONS

Observation 1 – Invoice Review & Approval Workflow *(continued)*

Elements of Infrastructure

Relative Priority
Moderate

Management Response

Management concurs

Management Action Plan

Short Term Action Plan: Adobe Sign is currently used throughout several CFX departments to route invoices for approval. Where practical, the Infrastructure Group will shift over to Adobe Sign for engineering and construction invoices.

Long Term Action Plan: CFX recognizes that restructuring of contract management and invoicing is tightly linked to our planned replacement of the legacy Eden ERP system. The ERP is the foundation on which more efficient contract management processes and procedures will be created. As a result, CFX has initiated an engagement to ensure the ERP procurement accommodates the requirements of these contract management functions.

Action Plan CFX / Due Date

Short Term Action Plan: Glenn Pressimone - June 30, 2022

Long Term Action Plan: Lisa Lumbard - June 30, 2024

protiviti

DETAILED OBSERVATIONS

Observation 2 – Delegation of Authority

Elements of Infrastructure

Relative Priority

Low

Observation

CFX's policies and procedures around delegation of authority limit the efficient processing of construction and engineering invoices. Currently, CFX relies on manual routing of invoices for stakeholders that are away and low approval thresholds. This often result in a large volume of invoices passing through a single approver, and a high number of reviewers, secondary reviewers and approvers within the current delegation of authority matrix.

Invoices received for construction and professional services greater than $50,000 must be reviewed and approved by the Chief of Infrastructure,. This can cause a bottleneck when large volumes of invoices are received or when the Chief approver is away. In many cases, these invoices are part of a previously approved capital project budget or expenditure. Specifically, Internal Audit sampled 108 total invoices over a four-month period from vendors completing Engineering, Construction, and Consultant activities and found the following:

- Of 108 sampled invoices, 85 invoices (78%) were greater than $50,000

- Of the 85 invoices greater than $50,000, 28 invoices (33%) were greater than $200,000

  - Construction invoices, 12 invoices (14%) greater than $200,000

  - Consultant invoices, 2 invoices (2%) greater than $200,000

  - Engineering Invoices, 14 invoices (16%) greater than $200,000

Recommendation

CFX may benefit from changing the routing and approval thresholds associated with construction and engineering invoices. Suggested changes to consider include reducing the number of primary and secondary reviewers required prior to invoice approval, developing solutions (manual or automated) to re-route invoices for approval when approvers are out of the office, and considering increasing the approval threshold from $50,000 to $200,000 for the Chief of Infrastructure for engineering, construction and consultant invoices.

protiviti

DETAILED OBSERVATIONS

Observation 2 – Delegation of Authority *(continued)*

| Business Policies | Business Processes | People & Organization | Management Reports | Methodologies | Systems & Data |

Relative Priority

Low

Management Response

Management concurs

Management Action Plan

Adobe Sign is currently used throughout several CFX departments to rout invoices for approval. The Infrastructure Group will investigate the possibility of shifting over to Adobe Sign for engineering and construction invoices.

The threshold for construction invoices requiring Chief of Infrastructure approval will be revised to $200,000.

Action Plan CFX / Due Date

Lisa Lumbard – June 30, 2022

protiviti

DETAILED OBSERVATIONS
Observation 3 – Integration Between SharePoint and Eden

Elements of Infrastructure

| Business Policies | Business Processes | People & Organization | Management Reports | Methodologies | Systems & Data |

Relative Priority

Low

Observation

Eden, CFX's ERP software, is not integrated with SharePoint. SharePoint is used to track, review, and approve invoices. Because Eden and SharePoint are not integrated, CFX is limited in its ability to accurately and efficiently track and monitor project spending in real-time while reviewing invoices for payment. Current spend tracking is done manually by the CFX project management team in external applications. This current process lends itself to a higher chance of manual error caused by incorrectly inputting project metrics and to delays with capturing actual project information.

In addition to a relatively manual process to capture full project costs, the lack of integration between Eden and SharePoint creates a lack of transparency around invoice payment status (e.g., Paid, Scheduled, On-Hold, Approved Pending) and impacts CFX's ability to accurately forecast remaining budget estimates to completion for limited amount contracts.

Recommendation

CFX should consider the below immediate, short-term recommendations and strategic, long-term recommendation to enhance the use of technology to support construction and engineering invoice processing. While SharePoint is not the solution for the future, CFX must consider the following elements of a successful system that incorporates all review, approval, and invoice tracking into a single solution through software and/or integration.

Short-Term Recommendations:

Conduct a diagnostic to identify the most critical requirements that a system must be capable of related to the following areas:

- **Invoice Workflow –** End-user requirements to track invoice payment status, processing issues, workflow activity

- **Vendor Management –** Maintain clean master vendor file for access to systems (front-end vendor portal), payment information, and vendor tax information

- **Project Tracking / Reporting –** Real-time project data from system of record to provide more effective reporting capabilities

- **Path Forward –** Determination if SharePoint is the go-forward invoice application of the future for CFX

Long-Term Recommendation:

Identify an appropriate project team (internal or external) to conduct requirements workshops to identify components and capabilities of a successful integration of an invoice review and approval system and an ERP system, with with a focus on capturing overall project management and administrative benefits. Project management and administrative benefits may include things like real-time project data, mobile access, automated processing of approved invoices, and payment status to project stakeholders.

protiviti

DETAILED OBSERVATIONS

Observation 3 – Integration Between SharePoint and Eden *(continued)*

Elements of Infrastructure

Relative Priority
Low

Management Response

Management concurs

Management Action Plan

Short Term Action Plan: CFX has engaged a consultant to assist with the following objectives:

* Inform CFX of solutions and approaches used by peer organizations pertaining to contract management.

* Educate CFX staff on capabilities and limitations of leading software products and industry solutions

* Prepare CFX to specify requirements within the ERP procurement to ensure the selected platform aligns with our contract management goals

Long Term Action Plan: CFX recognizes that restructuring of contract management and invoicing is tightly linked to our planned replacement of the legacy Eden ERP system. The ERP is the foundation on which more efficient contract management processes and procedures will be created. As a result, CFX has initiated an engagement to ensure the ERP procurement accommodates the requirements of these contract management functions.

Action Plan CFX / Due Date

Short Term Action Plan: Jim Greer - June 30, 2022

Long Term Action Plan: Lisa Lumbard - June 30, 2024

protiviti

APPENDIX

APPENDIX A
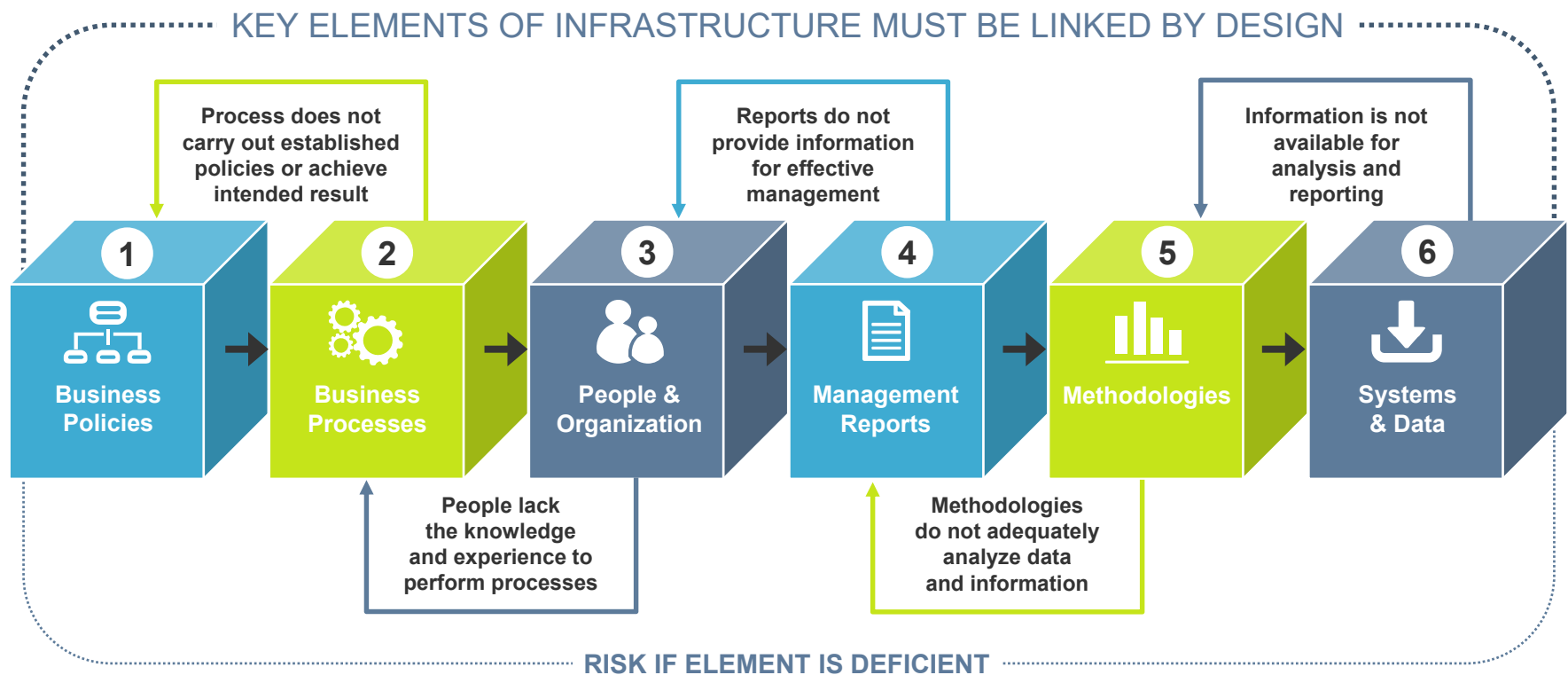## Key Stakeholders and Interviews Performed

Protiviti would like to thank the individuals listed in the table below for their assistance throughout this diagnostic review. All CFX, SEMA Construction, PI Consulting Services, Lane Construction, and RKK Engineering team members were professional, well prepared for the interviews, and shared objective insights into CFX's current invoicing methodologies and processes. Their contributions and perspectives were appreciated and aided Protiviti with this review.

- Laura Kelley – Executive Director

- Lisa Lumbard – Chief Financial Officer

- Glenn Pressimone – Director of Engineering

- Ben Dreiling – Director of Construction

- Kim Murphy – Construction Project Administrator

- Carrie Baker – Manager of Contract Compliance

- Jeannie Perez – Contract Support Specialist

- Justin Oakes – SEMA Construction

- Chaitali Prajapati – PI Consulting Services

- Dylean Phillips – Lane Construction

- Mike Lausier – RKK Engineering

protiviti

APPENDIX B

Protiviti – Six Elements of Infrastructure

The Six Elements of Infrastructure identifies the key components that must be considered to effectively manage risk within an organization. Use of this infrastructure helps organize the otherwise complex network of risk management activities into a comprehensive and consistent framework. The term "infrastructure" may be used interchangeably with "capabilities." The Six Elements of Infrastructure is often combined with the Capability Maturity Model to assess the maturity of each key element.

KEY ELEMENTS OF INFRASTRUCTURE MUST BE LINKED BY DESIGN

Process does not carry out established policies or achieve intended result

Reports do not provide information for effective management

Information is not available for analysis and reporting

1	2	3	4	5	6
Business Policies	Business Processes	People & Organization	Management Reports	Methodologies	Systems & Data

People lack the knowledge and experience to perform processes

Methodologies do not adequately analyze data and information

RISK IF ELEMENT IS DEFICIENT

protiviti

Face the Future with Confidence

protiviti ®

D.3
REVIEW AND ACCEPTANCE OF PROCUREMENT AND CONTRACT BILLING AUDITS

protiviti®
Face the Future with Confidence

PROCUREMENT AND CONTRACT BILLING AUDIT

December 2021

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

Internal Audit, Risk, Business & Technology Consulting

TABLE OF CONTENTS

protiviti

EXECUTIVE SUMMARY
Overview / Objectives / Scope and Approach

Overview

In accordance with the 2022 Internal Audit Plan, Internal Audit selected two Central Florida Expressway Authority ("CFX") contracts for audit from a population of currently active engineering, service, maintenance, operations, and construction projects with a contract value in excess of $2.03 billion. The combined contract value of these two contracts exceeded $139.6 million ($105.3 million in current expenditures). The last contract billing audit was completed during October 2020 and included a different set of contracts.

Objectives

The objectives of this audit were to (1) audit the accuracy of items billed to CFX in accordance with contract terms and conditions, and (2) identify and test key processes and controls related to contract procurement, contract administration, project and cost management, and supplemental agreement management.

Project Scope and Approach

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

Phase I – Contract Analysis and Selection

To select contracts for audit, Internal Audit obtained a listing of all active contracts 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. The following contracts were selected for review and approved by the Audit Committee Chair prior to audit:

1. **Sema Construction, Inc. (#001614)** – Contract for construction of SR 528 / SR 436 Interchange Improvements and SR 528 Widening from SR 436 to Goldenrod Road. Project of critical concern. This contract began in April 2020 and had a current contract value of approximately $107 million at the time of audit. As taken from Eden, CFX's accounting system, total expenditures to date at the time of this audit were approximately $79.4 million.

2. **Dewberry Engineers, Inc. (#001145)** – Contract for General Engineering Consultant (GEC) Services. This contract began in December 2016 and had a current contract value of approximately $32.6 million at the time of audit. As taken from Eden, CFX's accounting system, total expenditures to date at the time of this audit were approximately $25.9 million.

protiviti

EXECUTIVE SUMMARY
Overview / Objectives / Scope and Approach

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.

During September 2021, Internal Audit completed a review of recommendations issued during prior audits. No audit recommendations remained open from prior year Procurement and Contract Billing Audits. The changes resulting from prior audit recommendations issued during past audits were incorporated into the 2022 Procurement and Contract Billing Audit for review so that Internal Audit could verify that prior year findings were resolved and are not prevalent in the current year contracts selected for 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
Sema Construction, Inc. (#001614)	$107,020,926.32	$86,697,018.04	$52,191,761.05	60%
Dewberry Engineers, Inc. (#001145)	$32,595,000.00	$26,418,673.81	$10,963,911.99	42%

[1] As of October 22, 2021

[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 issuance to the CFX Audit Committee.

protiviti

SUMMARY OF PROCEDURES PERFORMED AND RESULTS

Process Areas / Procedures / Controls Tested

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

Process	Procedures Performed / Key Areas Reviewed	Total Controls Tested	Number of Observations	Observation Reference
Procurement	Project funding and bid authorization, project bidding (sealed bids and competitive sealed proposals), bid awards, bid bond requirements, and contract renewals.	25	0	-
Contract Administration	Contract terms and conditions, insurance, bond and permitting requirements, and minority and women owned business ("MWBE") requirements.	11	0	-
Project and Cost Management	Invoice processing, project planning, scheduling, quality control, subcontract management, cost management, owner direct material purchases ("ODMP") management, and project reporting.	31	1	1 – Low
Change Order Management	Supplemental agreement review, approval, and execution.	8	0	-
Project Closeout	Preparation, approval, and submission of project close-out documents.	0	0	-
	TOTALS:	75	1	1

protiviti

DETAILED OBSERVATIONS

DETAILED OBSERVATIONS

Observation 1 – Invoice Review Procedures Documentation

Relative Priority

Low

Procurement

Contract Administration

Project and Cost Administration

Change Order Management

Project Closeout

Observation

Detailed review of invoices for Dewberry contract #1145 is performed by the Contract Support Specialist. Invoices are reviewed for adequate supporting documentation, compliance with contractual terms, and mathematical accuracy. For Dewberry contract #1145, no documented procedure manual or billing checklist exists to govern invoice review procedures.

Contract billing checklists are employed as a leading practice to ensure invoices are reviewed consistently and with sufficient precision. Without clear documentation of invoice review procedures, invoice reviews may not be adequate to detect errors and instances of noncompliance with contractual terms; further, employee turnover may result in the loss of historical knowledge and competencies.

Recommendation

Documented criteria should exist to facilitate consistent and efficient invoice reviews, reduce the likelihood of billing disputes, and allow other CFX personnel to perform the process in the absence of the assigned reviewer. Management should coordinate with the Contract Support Specialist to document and approve the criteria governing invoice review procedures.

Management Response

Management concurs.

Management Action Plan

Management will develop a streamlined invoice review guide by documenting baseline invoice review procedures for all engineering service contracts and including additional procedures unique to specific contracts where necessary. Once baseline procedures are documented, management will document any additional considerations unique to Dewberry contract #1145 if applicable. Baseline procedures and contract-specific procedures will be maintained and updated as needed.

Action Plan Owner / Due Date

Glenn Pressimone / December 31, 2022

protiviti

APPENDIX A

Detailed Audit Procedures Performed

APPENDIX A
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:

- ❖ 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.

protiviti

APPENDIX A
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.

protiviti

APPENDIX A
Detailed Audit Procedures Performed

Project and Cost Management

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

- ❖ Testing of a sample of invoices for the projects selected for adequate review and approval by the appropriate personnel and compliance with CFX's invoice processing procedures;

- ❖ Discussion of current practices 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.

protiviti

Face the Future with Confidence

protiviti®

D.4
REVIEW AND ACCEPTANCE OF PCI ASSESSMENT WITH REPORT ON COMPLIANCE

Central Florida Expressway Authority

Payment Card Industry (PCI) Assessment

Summary

January 2022

PCI Data Security Standard

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

Build and Maintain a Secure Network	1. Install and maintain a firewall configuration to protect cardholder data 2. Do not use vendor-supplied defaults for system passwords and other security parameters
Protect Cardholder Data	3. Protect stored cardholder data 4. Encrypt transmission of cardholder data across open, public networks
Maintain a Vulnerability Management Program	5. Use and regularly update anti-virus software or programs 6. Develop and maintain secure systems and applications
Implement Strong Access Control Measures	7. Restrict access to cardholder data by business need to know 8. Assign a unique ID to each person with computer access 9. Restrict physical access to cardholder data
Regularly Monitor and Test Networks	10. Track and monitor all access to network resources and cardholder data 11. Regularly test security systems and processes
Maintain an Information Security Policy	12. Maintain a policy that addresses information security for all personnel

protiviti®

Summary of the Assessment

- Protiviti team performed onsite and remote fieldwork between July 11, 2021 through December 15, 2021.

- Fieldwork was conducted through a variety of methods including documentation review, interviews, technical analysis, and physical investigation.

- Notable changes to the PCI environment in FY22:

  - Call center devices are now managed by AllianceOne, rather than CFX

  - The Virtual Observer software, which records calls with customers, was removed from scope and replaced with Nice In-Contact

  - The Goldenrod Service Center closed, and the Magnolia Service Center opened

- All CFX individuals involved were extremely helpful and well attuned to the importance of the assessment.

protiviti®

D.5

REVIEW AND ACCEPTANCE OF DHSMV DATA SECURITY ASSESSMENT

DHSMV Data Security Assessment

Central Florida Expressway Authority

December 2021

Table of Contents

Executive Summary

Overview

During the period of November 29th, 2021 to December 16th, 2021, 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.

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.

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.

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.	**Policies and Procedures:** 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.	**Control Effective**
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.	**Training:** 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.	**Control Effective**
3	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	**TRIMS Access:** 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.	**Control Effective**
4	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	**TRIMS Access - Terminated Users:** 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.	**Control Effective**

	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.	**Database-level Access:** Database-level access is restricted to the appropriate individuals through the use of unique accounts.	**Control Effective**
6	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	**Server-level Access:** Server-level access is restricted to the appropriate individuals through the use of unique accounts.	**Control Effective**
7	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	**FTP Gateway Access:** All individuals / user accounts with access to the FTP Gateway are authorized and appropriate.	**Control Effective**
8	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	**Host (HT250) Access:** All individuals / user accounts with access to the Host (HT250) are authorized and appropriate.	**Control Effective**
9	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	**Oracle DB Access:** All individuals / user accounts with access to the Oracle DB are authorized and appropriate.	**Control Effective**
10	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	**DOCPRD2 Access:** All individuals / user accounts with access to the DOCPRD2 server are authorized and appropriate.	**Control Effective**
11	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	**Infoview Crystal Reports (RPTPRD4) Server Access:** All individuals / user accounts with access to the Infoview Crystal Reports (RPTPRD4) server are authorized and appropriate.	**Control Effective**

protiviti
Global Business Consulting

	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.	**DHSMV Data Access:** 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.	**Control Effective**
13	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	**Change Control / Patch Management:** Dedicated test environments exist for the testing of changes and patches, where practical. CFX appropriately documents and tests each change.	**Control Effective**
14	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	**Change Control / Patch Management:** All changes and patches are authorized, executed, and documented according to stated procedures.	**Control Effective**
15	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	**Data Encryption:** Driver's license number as it is obtained from the DHSMV is encrypted when stored in the Oracle database.	**Control Effective**
16	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	**Network - Firewall:** CFX has an operational firewall in place to restrict access to the internal network.	**Control Effective**
17	Access to the information exchanged will be protected in such a way that unauthorized persons cannot review or retrieve the information.	**Network - Active Directory:** All individuals with Active Directory credentials are current, active users and all rights granted through Active Directory are commensurate with their current job responsibilities.	**Control Effective**

protiviti®
Global Business Consulting

	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.	**Physical Security - Data Center:** Access to the data center(s) is restricted to appropriate personnel and is provided through the use of a physical key or key card.	**Control Effective**
19	Information exchanged by electronic means will be stored in a place physically secure from access by unauthorized persons.	**Physical Security - Work Areas:** Access to the work areas is restricted to appropriate personnel and is provided through the use of a physical key or key card.	**Control Effective**
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.	**Logging & Monitoring:** Logging and auditing functions are enabled on all in-scope entities. In addition, all system logs are monitored for unauthorized access and irregular activity.	**Control Effective**
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.	**Vulnerability Scanning / Penetration Testing:** CFX performs periodic external vulnerability scans and penetration tests.	**Control Effective**

D.6
REVIEW AND ACCEPTANCE OF DAVID DATA SECURITY ASSESSMENT

DAVID Data Security Assessment

Central Florida Expressway Authority

November 2021

Table of Contents

Executive Summary

Overview

During the period of November 8th, 2021, to November 19th, 2021, Internal Audit performed a Data Security Assessment of the Driver and Vehicle Information Database systems ("DAVID") 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 Driver and Vehicle Information Database 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 purpose, personal use, and the dissemination, sharing, copying or passing of this information to unauthorized persons.

- The Requesting Party shall not indemnify and shall not be liable to the Providing Agency for any driver license or motor vehicle information lost, damaged, or destroyed as a result of the electronic exchange of data pursuant to the MOU, except as otherwise provided in Section 768.28, Florida Statutes.

- Any and all DAVID-related information provided to the Requesting Party (CFX) as a result of the MOU, particularly data from the DAVID system, will be stored in a place physically secure from access by unauthorized persons.

- The Requesting Party shall comply with Rule 74-2, Florida Administrative Code, and with Providing Agency's security policies, and employ adequate security measures to protect Providing Agency's information, applications, data, resources, and services. The applicable Providing Agency's security policies shall be made available to Requesting Party.

- When printed information from DAVID is no longer needed, it shall be destroyed by cross-cut shredding or incineration.

- The Requesting Party (CFX) shall maintain a list of all persons authorized within the agency to access DAVID information, which must be provided to the providing agency upon request.

- Access to DAVID-related information, particularly data from the DAVID System, will be protected in such a way that unauthorized persons cannot view, retrieve, or print the information.

- Under the MOU agreement, access to DAVID shall be provided to users who are direct employees of the Requesting Party (CFX) and shall not be provided to any non-employee or contractors of the Requesting Party (CFX).

Scope and Approach

Internal Audit conducted an assessment of the process used for safeguarding DAVID 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 and Vehicle Information Database System Data Exchange* process.

- CFX Management approved the scope of work and believed it to be sufficient to meet the requirements of the MOU. Performed testing of controls related to the following areas:

    o Policies and Procedures
    o Application Access
    o Risk Management
    o Change Control
    o Data Storage
    o Data Transfer
    o Network Firewall
    o Network Architecture
    o System Authentication
    o Access Controls
    o Physical Security

- After testing was completed, analysis was performed to compare the results of testing to the control objectives outlined in the MOU.

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 Driver and Motor Vehicle Database system Data Exchange process.

protiviti®
Global Business Consulting

Appendix A – Controls Tested

	Control Objective	Control Description	Testing Results
1	Document and manage legal and regulatory requirements regarding cybersecurity, including privacy and civil liberties obligations.	**Policies and Procedures:** CFX has identified cybersecurity legal and regulatory requirements and identified individuals responsible for managing requirements.	**Control Effective**
2	Ensure governance and risk management processes address cybersecurity risks.	**Risk Management:** CFX has documented risk management processes in place to address cybersecurity risks.	**Control Effective**
3	Identify and prioritize risk responses, implement risk mitigation plans, and monitor and document plan implementation.	**Risk Management:** CFX has implemented risk management processes in place to mitigate risks identified.	**Control Effective**
4	Determine risk tolerance as necessary, based upon: their analysis of sector specific risks; the agency's industry sector; agency-specific risks (e.g., Health Information Portability Accountability Act of 1996 compliance for agencies that maintain this information); and the agency's role in the state's mission.	**Risk Management:** CFX has implemented risk management processes in place to identify industry specific risks.	**Control Effective**
5	Establish parameters for IT Staff participation in procurement activities.	**Procurement Activities:** CFX has implemented policies and procedures for procurement activities.	**Control Effective**
6	Identify the IT issues IT staff must address during procurement activities (e.g., system hardening, logging, performance, service availability, incident notification, and recovery expectations).	**Procurement Activities:** CFX has implemented policies and procedures to ensure proper requirements are addressed during procurement activities.	**Control Effective**

protiviti®
Global Business Consulting

	Control Objective	Control Description	Testing Results
7	Prior to introducing new IT resources or modifying current IT resources, perform an impact analysis. The purpose of this analysis is to assess the effects of the technology or modifications on the existing environment.	**Change Control:** Changes are classified prior to implementation to identify the effects of changes within the environment. CFX appropriately documents and tests each change.	**Control Effective**
8	Ensure that privileged users understand their roles and responsibilities.	**Privileged Access:** All individuals / users with privileged access are aware of their responsibilities to CFX's data security.	**Control Effective**
9	Maintain adequate capacity to ensure system availability and data integrity.	**System Monitoring:** CFX has implemented automated mechanisms to monitor system capacity and data integrity.	**Control Effective**
10	Integrity checking mechanisms are used to verify hardware integrity.	**Hardware Integrity:** Access to physical devices is restricted to authorized individuals and a yearly check is completed where all assets are checked against asset tags.	**Control Effective**
11	Ensure backups of information are conducted, maintained, and tested periodically.	**Backup Procedures:** Backups are conducted and tested periodically.	**Control Effective**
12	Establish a policy and procedure review process that facilitates continuous improvement to protection processes.	**Security Improvement:** CFX has implemented a risk assessment process to monitor and facilitate improvement of security controls currently in place.	**Control Effective**
13	Ensure that effectiveness of protection technologies is shared with stakeholders that should or must receive this information.	**Technology Effectiveness:** CFX communicates the effectiveness of implemented technologies related to cybersecurity when deemed necessary.	**Control Effective**

	Control Objective	Control Description	Testing Results
14	Each agency shall perform maintenance and repairs of information systems and components consistent with agency-developed policies and procedures.	**System Maintenance:** Maintenance on in-scope systems is documented and performed by appropriate personnel or approved vendors where maintenance agreements are in place.	**Control Effective**
15	Not engage in new development of custom authenticators. Agencies assess the feasibility of replacing agency-developed authenticators in legacy applications.	**Authentication Mechanisms:** CFX utilizes Active Directory authentication on in-scope systems. For systems not utilizing Active Directory authentication, CFX utilizes .NET authentication frameworks for one in-scope system with plans to implement Active Directory authentication for future system implementation.	**Control Effective**
16	Protect and restrict removable media in accordance with agency-developed information security policy.	**Removable Media:** CFX has implemented controls to prevent removable media where not required for business purposes.	**Control Effective**
17	Protect communications and control networks by establishing perimeter security measures to prevent unauthorized connections to agency IT resources.	**Network Firewall:** CFX has an operational firewall in place to restrict access to the internal network.	**Control Effective**
18	Mechanisms (e.g., failsafe, load balancing, hot swap) are implemented to achieve resilience requirements in normal and adverse situations.	**System Availability:** CFX has implemented a redundant data center to provide resiliency in the event of system outages.	**Control Effective**
19	Each agency shall develop policies and procedures that will facilitate detection of anomalous activity in a timely manner and that will allow the agency to understand the potential impact of events. Such policies and procedures shall establish and manage a baseline of network operations and expected data flows for users and systems	**Logging & Monitoring:** Logging and auditing functions are enabled on all in-scope entities. In addition, all system logs are monitored for unauthorized access and irregular activity.	**Control Effective**

	Control Objective	Control Description	Testing Results
20	Monitoring for unauthorized personnel, connections, devices, and software.	**Access Controls:** CFX has implemented badge access and cameras at facilities, and firewalls, file integrity, and antivirus software on systems to restrict access to the internal network, and unauthorized software.	**Control Effective**

D.7
EXTERNAL AUDITOR SELECTION

THERE ARE NO BACKUP MATERIALS FOR THIS ITEM

D.8

REVIEW INTERNAL AUDIT BUDGET FOR FISCAL YEAR 2023

Internal Audit

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

Account Number	2021 Actuals	2022 Budget	2022 YTD Actuals	2022 Annualized Amt	2022 Yr. End Est	2023 Preliminary Bud
80 Other Expenses						
05 Toll Collection						
130 Administration						
690 Internal Audit						
53410 Contract Personnel	431,885.00	564,000.00	111,651.25	243,602.73	[ ]	0.00
Total Internal Audit	431,885.00	564,000.00	111,651.25	243,602.73		0.00
Total Toll Collection	431,885.00	564,000.00	111,651.25	243,602.73		0.00
Total 80 Other Expenses	431,885.00	564,000.00	111,651.25	243,602.73		0.00
Grand Total	431,885.00	564,000.00	111,651.25	243,602.73		0.00