

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

AGENDA AUDIT COMMITTEE MEETING June 22, 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. Public Comment speakers that are present and have submitted their completed Public Comment form to the Recording Secretary at least 5 minutes prior to the scheduled start of the meeting will be called to speak. Each speaker shall be limited to 3 minutes. Any member of the public may also submit written comments which, if received during regular business hours at least 48 hours in advance of the meeting, will be included as part of the record and distributed to the Committee members in advance of the meeting.

C. APPROVAL OF APRIL 27, 2022 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 FISCAL 2023 INTERNAL AUDIT PLAN AND RISK ASSESSMENT** – *Jeff Tecau, Managing Director, Protiviti* (action item)
3. **REVIEW AND ACCEPTANCE OF THIRD-PARTY COLLECTIONS REVIEW** – *Graham Wigle, Manager, Protiviti* (action item)
4. **REVIEW AND ACCEPTANCE OF CASHLESS TOLLING RISK ANALYSIS** – *Graham Wigle, Manager, Protiviti* (action item)
5. **ANNUAL DISCUSSION REGARDING INTERNAL AUDITOR PERFORMANCE AND EFFECTIVENESS** – *Kathy Wall, Audit Committee Chair* (info item)
6. **ANNUAL DISCUSSION OF THE COMMITTEE'S RESPONSIBILITIES AS OUTLINED IN THE AUDIT COMMITTEE CHARTER AND RECOMMENDATIONS, AS NEEDED** – *Diego "Woody" Rodriguez, General Counsel* (info item)

(CONTINUED ON PAGE 2)

**7. CONFIRMATION OF COMPLETION OF RESPONSIBILITIES IN THE AUDIT COMMITTEE
CHARTER – Jeff Tecau, Managing Director, Protiviti (info 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
APRIL 27, 2022
AUDIT COMMITTEE
MEETING MINUTES**

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

DRAFT MINUTES

CENTRAL FLORIDA EXPRESSWAY AUTHORITY AUDIT COMMITTEE MEETING April 27, 2022

**Location: Central Florida Expressway Authority
4974 ORL Tower Road
Orlando, FL 32807
Pelican Conference 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 Also Present:

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

A. CALL TO ORDER

The meeting was called to order at approximately 10:00 a.m. by Chairman Wall.

B. PUBLIC COMMENT

There was no public comment.

C. APPROVAL OF THE JANUARY 26, 2022 MINUTES

A motion was made by Mr. Walls and seconded by Ms. McCrimmon to approve the January 26, 2022 minutes with a correction to the Page 1, "Kathy Wall, Brevard County Representative, Chairman" was moved from "Committee Members Not Present" to "Committee Member Participating by Phone". The motion carried unanimously with six (6) members present voting AYE by voice vote. Ms. Mullane was not present.

D. AGENDA ITEMS

1. STATUS UPDATE: FISCAL 2022 INTERNAL AUDIT PLAN

Mr. Jeff Tecau of Protiviti presented the Status Update: Fiscal 2022 Internal Audit Plan.

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

2. 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 Mr. Wigle.

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

3. REVIEW AND ACCEPTANCE OF CUSTOMER SERVICE CENTER PERFORMANCE ASSESSMENT

Mr. Graham Wigle of Protiviti presented the Customer Service Center Performance Assessment.

Committee members asked questions which were answered by Mr. Wigle, Mr. Greer and Mr. Tecau.

A motion was made by Ms. Dover and seconded by Ms. McCrimmon to accept the Customer Service Center Performance Assessment 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 INFINITY RANSOMWARE SIMULATION

Mr. Chris Porter of Protiviti presented the Infinity Ransomware Simulation.

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

A motion was made by Ms. Dover and seconded by Ms. McCrimmon to accept the Infinity Ransomware Simulation as presented. The motion carried unanimously with six (6) members present voting AYE by voice vote. Ms. Mullane was not present.

5. EXTERNAL AUDITOR SELECTION

Ms. Lisa Lumbard, Chief Financial Officer detailed the Request for Proposals for External Auditing Services process that led to the recommendation of MSL, P. A by the Evaluation Committee.

Committee members asked questions which were answered by Ms. Lumbard.

A motion was made by Ms. McCrimmon and seconded by Ms. Dover to recommend to the CFX Board the selection of MSL, P.A. as external auditor. The motion carried unanimously with six (6) members present voting AYE by voice vote. Ms. Mullane was not present.

6. ANNUAL MANAGEMENT REVIEW OF INTERNAL CONTROL MATTERS

- a. Effectiveness of the Internal Control System, Including IT Security and Control

Ms. Lisa Lumbard, Chief Financial Officer spoke regarding the effectiveness of the internal control system, including IT security and control.

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

- b. Process for Assessing, Monitoring and Controlling Significant Risks

Ms. Lisa Lumbard, Chief Financial Officer spoke regarding the process for assessing, monitoring and controlling significant risks.

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

- c. System for Monitoring Compliance with Laws and Regulations and Results of Investigation of any Instances of Non-Compliance

Mr. Diego "Woody" Rodriguez spoke regarding the system for monitoring compliance with laws and regulations and results of investigation of any instances of non-compliance.

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

d. Adequacy, Administration and Compliance with the Authority's Code of Ethics
Mr. Diego "Woody" Rodriguez spoke regarding adequacy, administration and compliance with CFX's Code of Ethics.

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

e. Procedures for "Hotline" Reporting – Diego "Woody" Rodriguez, General Counsel

Mr. Diego "Woody" Rodriguez detailed the procedures for "Hotline" Reporting and stated that CFX has not received any complaints.

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

E. OTHER BUSINESS

Chairman Wall announced that the next Audit Committee meeting is scheduled for June 22, 2022 at 10:00 a.m.

F. ADJOURNMENT

Chairman Wall adjourned the meeting at approximately 10:59 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 June 22, 2022



D.2

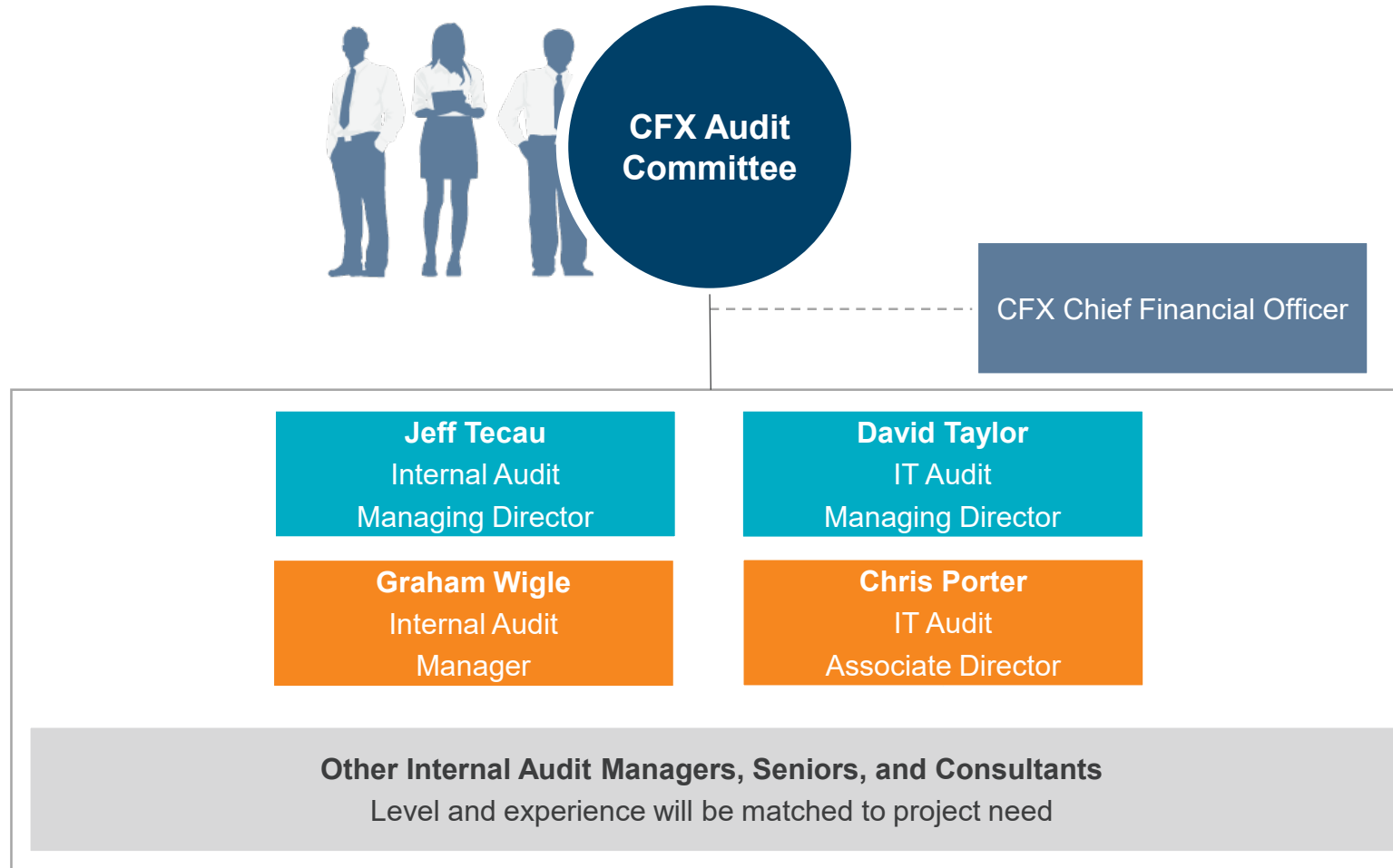
REVIEW AND ACCEPTANCE OF FISCAL 2023 INTERNAL AUDIT PLAN AND RISK ASSESSMENT

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

Internal Audit Plan

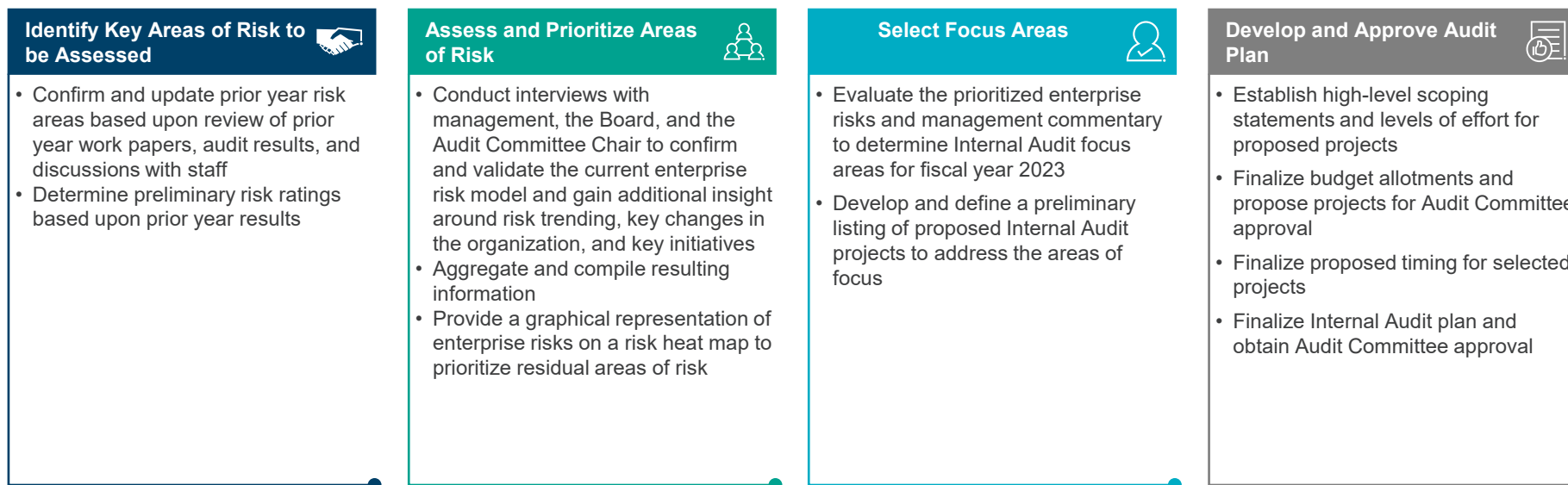
For the Fiscal Year Ending June 30, 2023

YOUR INTERNAL AUDIT TEAM



BACKGROUND

An annual risk assessment is a critical element of a high-quality Internal Audit department's responsibility and provides the opportunity to be "front and center" with senior leadership as a strategic partner in the review and management of key business risks. The objective of the fiscal 2023 risk assessment is to identify and prioritize key areas of risk within CFX to consider in designing the fiscal 2023 Internal Audit plan. The approach to conduct the fiscal 2023 risk assessment and develop the fiscal 2023 Internal Audit plan is depicted below.



INTERVIEW LIST

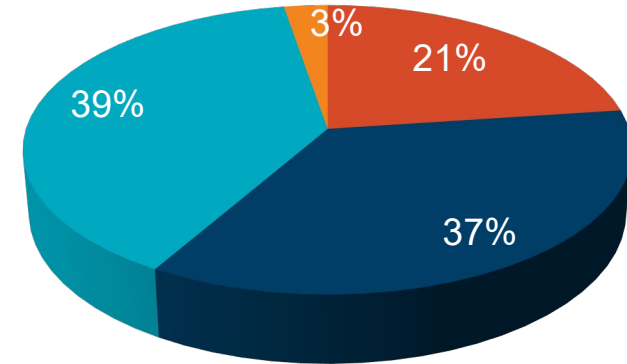
Meetings were scheduled with the following 22 individuals to gather information to develop the fiscal year 2023 Internal Audit plan:

Name	Title	Name	Title
Commissioner Sean Parks*	Board Chair (Lake County)	Laura Kelley	Executive Director
Mayor Jerry Demings	Board Vice Chair (Orange County)	Glenn Pressimone	Chief of Infrastructure
Commissioner Lee Constantine	Board Treasurer (Seminole County)	Lisa Lumbard	Chief Financial Officer
Mayor Buddy Dyer	Board Member (City of Orlando)	Jim Greer	Chief of Technology/Operations
Commissioner Victoria Siplin	Board Member (Orange County)	Michelle Maikisch	Chief of Staff/Public Affairs Officer
Jay Madara	Board Member (Governor's Appointee)	Diego "Woody" Rodriguez	General Counsel
Commissioner Curt Smith	Board Member (Brevard County)	David Wynne	Director of Toll Operations
Commissioner Brandon Arrington	Board Member (Osceola County)	Will Hawthorne	Director of Engineering
Christopher "CJ" Maier	Board Member (Governor's Appointee)	Michael Carlisle	Director of Accounting and Finance
Rafael E. Martinez	Board Member (Governor's Appointee)	Rafael Millan	Director of Information Technology
Kathy Wall	Audit Committee Chair	Son Nguyen	Risk Manager

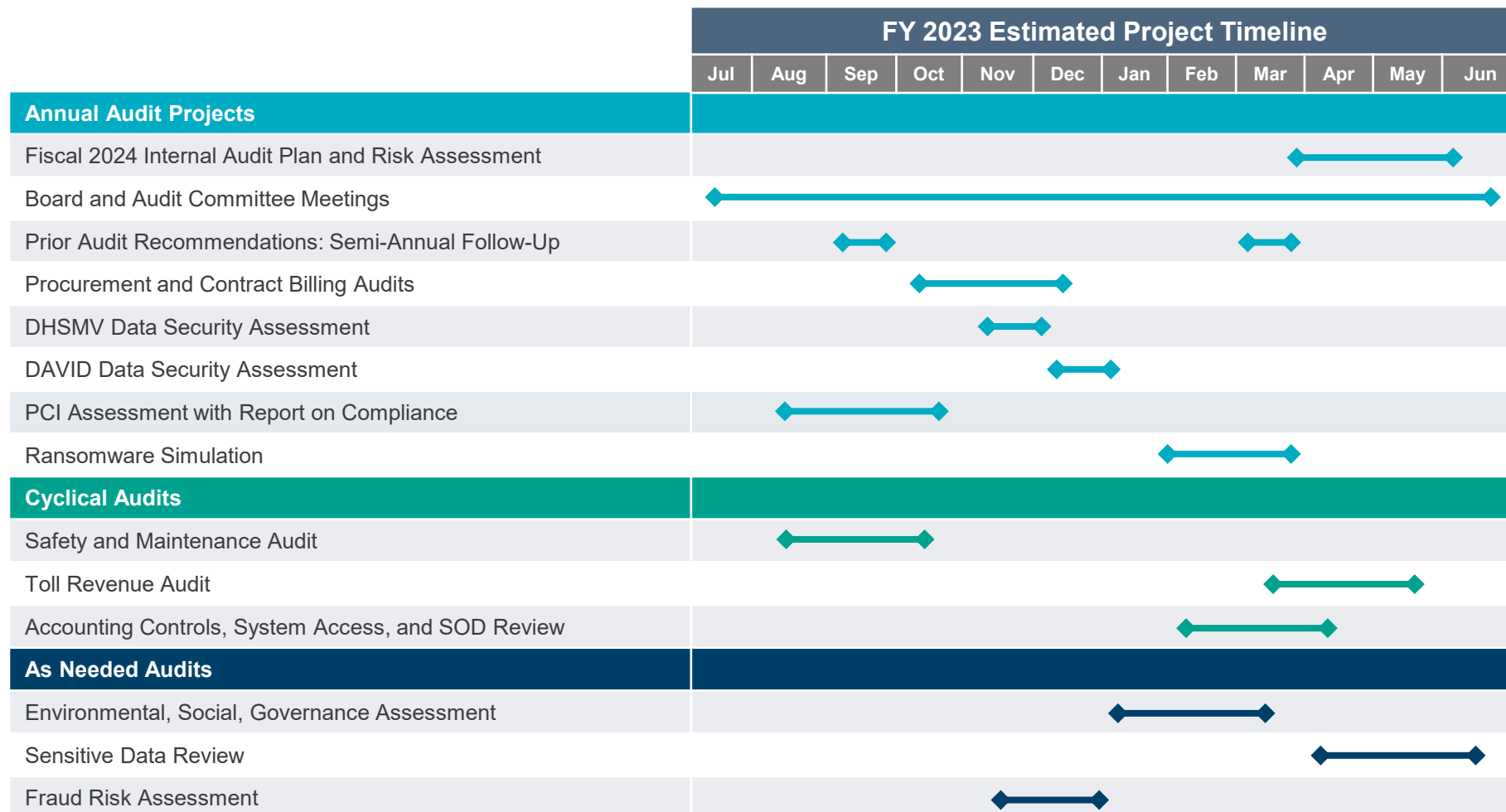
* Board member was provided a copy of the Risk Discussion Document for review and opportunity to provide input in lieu of a formal interview.

FY 2023 INTERNAL AUDIT COVERAGE

Strategic and Governance	Budget Allocation	Frequency
<ul style="list-style-type: none"> Fiscal 2024 Internal Audit Plan and Risk Assessment Prior Audit Recommendations: Semi-Annual Follow-up Safety and Maintenance Audit Environmental, Social, Governance Assessment 	\$25,000 \$15,000 \$44,000 \$35,000	Annual Annual 5 Year Cycle As Needed
Financial		
<ul style="list-style-type: none"> Procurement and Contract Billing Audits Toll Revenue Audit Accounting Controls, System Access, and SOD Review Fraud Risk Assessment 	\$50,000 \$90,000 \$45,000 \$25,000	Annual 2 Year Cycle 5 Year Cycle As Needed
Operations and IT		
<ul style="list-style-type: none"> DHSMV Data Security Assessment DAVID Data Security Assessment PCI Assessment with Report on Compliance Ransomware Simulation Sensitive Data Review 	\$25,000 \$20,000 \$100,000 \$35,000 \$40,000	Annual Annual Annual Annual As Needed
Other		
<ul style="list-style-type: none"> Board and Audit Committee Meetings 	\$15,000	Annual
Total Internal Audit Budget	\$564,000	



INTERNAL AUDIT TIMELINE



THREE YEAR INTERNAL AUDIT PLAN

			Audit Plan Year		
Description	Frequency	Date Last Performed	2023	2024	2025
Annual Internal Audits					
Internal Audit Plan and Risk Assessment	Annual	2022	x	x	x
Board and Audit Committee meetings	Annual	2022	x	x	x
Prior Year Recommendations : Semi-Annual Follow-up	Annual	2022	x	x	x
Procurement & Contract Billing Audits	Annual	2022	x	x	x
DHSMV Data Security Assessment	Annual	2022	x	x	x
DAVID Data Security Assessment	Annual	2022	x	x	x
PCI Assessment with Report on Compliance	Annual	2022	x	x	x
Ransomware Simulation	Annual	2022	x	x	x
Contingency for Special Projects	Annual	2022	x	x	x
Cyclical Audits					
Toll Revenue Audit	2 Year Cycle	2021	x		
Microsoft Cloud Security Assessment	2 Year Cycle	2022		x	
Customer Service Center Performance Assessment	2 Year Cycle	2022		x	
Ethics Policy Compliance Audit	3 Year Cycle	2021		x	
Right of Way Audit	5 Year Cycle	2022			
Accounting Controls, System Access, and SOD Review	5 Year Cycle	2017	x		
Safety and Maintenance Policy and Procedures Compliance Audit	5 Year Cycle	2018	x		
Public Records and Information Management Review	5 Year Cycle	2020			
COSO ERM Governance Review	5 Year Cycle	2020			
P-Card and Gas Card Audit	5 Year Cycle	2020			
Business Continuity Management Review	5 Year Cycle	2021			
As Needed Audits					
ESG Assessment	As Needed	N/A	x		
Policy and Procedure Review	As Needed	N/A			
Fraud Risk Assessment	As Needed	N/A	x		
Sensitive Data Review	As Needed	2014	x		
Intelligent Transportation System Security Review	As Needed	2015			
Human Resources Process Review	As Needed	2017			
Information Security Risk Assessment Refresh	As Needed	2018			
IT Project Management Review	As Needed	2019			
NIST Cybersecurity Framework Review	As Needed	2020			
Secure Code Review	As Needed	2022			
Third Party Collections Review (Payment Solutions)	As Needed	2022			
Engineering and Construction Invoice Review	As Needed	2022			
Cashless Tolling Risk Analysis	As Needed	2022			

FY 2023 INTERNAL AUDIT PROJECT DESCRIPTIONS

#	Project	Project Description	Risks	Estimated Cost
1	Fiscal 2024 Internal Audit Plan and Risk Assessment	We will conduct a risk assessment to highlight the Expressway Authority's current year risk profile, to identify risk trends, and to form the foundation for the fiscal year 2024 Internal Audit Plan. The risk discussion and risk map will be utilized to develop the 2024 Internal Audit plan, with a focus on addressing opportunities identified during the assessment process.	Strategic Planning Fraud Governance	\$25,000
2	Board and Audit Committee Meetings	Internal Audit will attend Board meetings and prepare for and present at all Audit Committee meetings during fiscal year 2023. This includes document preparation time and preparation time with management and the Audit Committee in advance of meetings.	Governance	\$15,000
3	Prior Audit Recommendations: Semi-Annual Follow-up	This work will focus on semi-annual follow-up on the status of all OPEN action plans from prior year audits. In addition, internal audit will consider re-auditing closed recommendations for selected areas from prior year audits as requested by management or the Audit Committee.	Governance	\$15,000
4	Procurement and Contract Billing Audits	This audit will encompass a selection of 2 or 3 engineering, construction, maintenance, operations, or legal contracts, with the objective of verifying internal controls are in place to ensure work performed for CFX has been billed in accordance with contractual terms and conditions. The work will include reviewing procurement, contracting, and contract SLAs, testing pricing and hours worked for accuracy and validity, testing invoice approvals, testing vendor compliance with other contractual obligations, and using data analytics to identify high risk vendors and/or change orders.	Contract Management Contract Performance Reporting Cost Containment Procurement and Vendor Selection	\$50,000
5	DHSMV Data Security Assessment	The objective of this assessment is to review internal controls for gaps in design related to the requirements set forth in the DHSMV Drivers License or Motor Vehicle Record Data Exchange Memorandum of Understanding (MOU), Section V – Safeguarding Information.	Cyber / Data Security	\$25,000

FY 2023 INTERNAL AUDIT PROJECT DESCRIPTIONS

#	Project	Project Description	Risks	Estimated Cost
6	DAVID Data Security Assessment	The objective of this assessment is to review internal controls for gaps in design related to the requirements set forth in the DHSMV Driver and Vehicle Information Database ("DAVID") Data Exchange Memorandum of Understanding (MOU), Section V – Safeguarding Information	Cyber / Data Security	\$20,000
7	PCI Assessment with Report on Compliance	This project will be to fully test CFX's compliance with the PCI Data Security Standard, (PCI-DSS) version 3.2 and issue a Report on Compliance (ROC). The testing will cover all twelve sections of the PCI-DSS.	Cyber / Data Security	\$100,000
8	Ransomware Simulation	Internal Audit will review the channels by which ransomware could infect the CFX environment and conduct a simulation of this attack if possible. Internal Audit will also review the effect of an Infinity outage during the ransomware attack, and provide input to a response in the event of attack.	Cyber / Data Security Business / IT Applications and Systems	\$35,000
9	Toll Revenue Audit	The Infinity tolling system electronically captures approximately 96% of CFX revenue. This audit will focus on electronic and cash tolling processes and include a review of Infinity transactions for accuracy, the Pay By Plate process and collectability, and cash (manned and unmanned lanes). The audit will include review of (1) controls that verify revenue data captured at the point of origin is completely and accurately recorded to the financial statements, (2) physical safeguarding controls around cash (including the use of security and surveillance, data analytics, monitoring and reporting, and counts/other reconciling activities), (3) controls in place around processing revenue adjustments to customer accounts and operation according to policy, (4) business processes and controls related to Pay By Plate billing, collection, violation enforcement mechanisms, and monitoring and (5) appropriate reconciliation controls are in place to monitor revenue related to interoperability agreements. Additionally, IT general controls around supporting systems and information technology will be reviewed.	Toll Collections Cash Handling IT Infrastructure / Tolling System Infrastructure Financial Reporting Statewide Interoperability National Interoperability	\$90,000

FY 2023 INTERNAL AUDIT PROJECT DESCRIPTIONS

#	Project	Project Description	Risks	Estimated Cost
10	Accounting Controls, System Access, and SOD Review	The financial close and related accounting processes will be reviewed for appropriate internal control, including segregation of duties and access rights for CFX accounting personnel. Protiviti-developed tools may be leveraged to verify segregation for each key accounting cycle around the following: Physical custody of assets, adjustments to accounting records, approvals of accounting transactions, and review responsibilities. In addition, we will also review access rights within the financial accounting application to verify system access restrictions appropriately support segregation of duties.	Financial Reporting Fraud	\$45,000
11	Safety and Maintenance Audit	The objective of this project will be to review the safety and maintenance policies and procedures in place, including any recent technological enhancements to safety within the system (e.g., new technology measures to help reduce the risk of wrong way driving), vendor management programs, and to test compliance with the safety and maintenance policies and procedures.	Maintenance and Safety	\$44,000
12	Environmental, Social, Governance Assessment	This review will include an assessment of how CFX has integrated practices surrounding environmental, social, and governance ("ESG") efforts, a review of opportunities to advance or enhance existing initiatives, and identification of opportunities for new initiatives.	Strategic Planning Governance	\$35,000
13	Sensitive Data Review	This review will include an assessment of how sensitive data is defined and categorized, where it exists logically on the CFX network and systems, and how it is destroyed when it is no longer needed. IT will include a review of any policies that govern sensitive data (as defined by CFX).	Cyber / Data Security	\$40,000
14	Fraud Risk Assessment	The objective of this project will be to identify likely fraud scenario risks at CFX, identify internal controls, management, or other governance-related activities that mitigate these risks, determine if the controls mitigating these risks are adequately documented, and identify control gaps where fraud scenarios are not directly controlled.	Fraud	\$25,000

APPENDIX A

OTHER POTENTIAL AUDITS

OTHER POTENTIAL AUDITS NOT SELECTED FOR FY 2023 INTERNAL AUDIT PLAN

#	Project	Project Description	Risks
1	Microsoft Cloud Security Assessment	Internal Audit will conduct an assessment of CFX's Microsoft cloud computing architecture, including evaluating the strategy, capabilities, operations and processes against industry leading practices. Internal Audit will also review CFX's strategy in determining what data is stored in the cloud as well the controls utilized to ensure that data's integrity and availability.	Cyber / Data Security
2	Customer Service Center Performance Assessment	Protiviti will conduct an assessment of the customer contact center and consider current needs of the center, including opportunities to reduce staff turnover. The audit will involve a review of the center's performance through an organizational analysis, a customer contact analysis, an analysis of technology, infrastructure and applications, and a statistical data analysis.	Cost Containment Customer Satisfaction Public Relations
3	Ethics Policy Compliance Review	CFX has a formal ethics policy in place. Internal Audit will review the policy and (1) leverage leading practices to suggest additional areas for consideration to include in the policy and (2) review compliance with the policy, including the new provisions added as a result of Florida state legislation.	Ethical Compliance
4	Right of Way Audit	This audit will include a review of the processes and procedures in place to manage Right of Way land acquisitions and may include a review of legal counsel responsibilities, involvement of the ROW Committee, and internal controls around managing legal counsel, other third-party costs, and overall purchase price. To the extent the data exists, the review may include a trending analysis of appraised cost values for recent purchases and a review of outliers.	Right of Way Cost Containment Public Relations
5	Information Security Risk Assessment Refresh	Protiviti will conduct a risk assessment of CFX's IT function that will identify asset groupings within the environment and assign them a value so that Management may prioritize in what order to address risks posed to them. This value is based on the likelihood and potential impact of threats posed to these assets, the vulnerabilities they have, and the safeguards surrounding them. This project will be a refresh of the project conducted in FY18.	Cyber / Data Security
6	Public Records and Information Management Review	<p>This review will focus on CFX's records and information management processes and the four cornerstones of a sustainable information governance program:</p> <ol style="list-style-type: none"> 1. Compliance with internal policies and legal and regulatory requirements 2. Operational efficiencies to minimize disruptions to business operations and improve ways to create, use and dispose of data 3. Cost savings from practical solutions that reduce storage and retrieval costs, as well as requirements for responding to investigations, litigation or regulatory requests 4. Defensible processes in routine business operations that allow organizations to demonstrate reasonable and good faith efforts when challenged <p>Data retention surrounding electronic communications via email, mobile, and voice mail will also be reviewed to identify technology needed to assist with capturing and retaining data from such communication.</p>	Records Management

OTHER POTENTIAL AUDITS NOT SELECTED FOR FY 2023

INTERNAL AUDIT PLAN

#	Project	Project Description	Risks
7	COSO ERM Governance Review	This audit will involve an evaluation of the Expressway Authority's governance procedures and internal controls leveraging the COSO ERM and COSO 2013 internal control frameworks as leading practice guidelines.	Governance Ethical Compliance
8	P-Card and Gas Card Audit	The objective of the project will be to review P-card and Gas procurement expenditures to verify purchases are adequately supported and are for valid business purposes.	Cost Containment Fraud
9	Business Continuity Management Review	This review will focus on how CFX manages Business Continuity, including IT Disaster Recovery plans and Crisis Management. The review will include an assessment of the documented plans as well as the foundational efforts that were performed to create them (such as a Business Impact Analysis). This may be adjusted into a consulting project based on the recent pandemic.	Business Continuity / Disaster Recovery
10	Policy and Procedure Review	CFX has experienced growth in number of people over the past few years. During this audit, Protiviti will review whether Policies and Procedures are reflective of growth. To perform the audit, Protiviti will work with CFX to inventory policies and procedures, review for periods of last update, and make suggestions to mature the process to update policies and procedures. Protiviti may also make suggestions for potential additions to policies that are selected for detailed review.	Governance
11	ITS Security Review	Protiviti will conduct an IT security review of Intelligent Transportation Systems ("ITS"). This review will include an assessment of access controls (physical and logical), hardening procedures, patching processes, and remote connectivity of ITS systems to identify security risks that exist in the ITS network.	Cyber / Data Security
12	Human Resources Process Review	During the Human Resource Process review, we will evaluate the Human Resource process, policies, procedures and related internal controls. The review may include recruiting and hiring; training; performance evaluations; performance, reward, and recognition; and employee terminations. The HR process and controls will be reviewed for compliance with policies and comparison to leading HR practices. Lastly, the succession planning strategy will be reviewed and compared to leading practices.	Human Resources Succession Planning
13	IT Project Management Review	This project will assess CFX's ability to intake, prioritize, deliver on requests from the business. Protiviti will assess the manner in which IT requests are received and accepted, the potential risks that could impact projects, the testing procedures (including unit testing, peer review, integration, regression and user acceptance), project health metrics, change requirements, and resourcing requirements.	IT Infrastructure Business / IT Applications and Systems IT Operations Strategic Planning Communication

OTHER POTENTIAL AUDITS NOT SELECTED FOR FY 2023

INTERNAL AUDIT PLAN

#	Project	Project Description	Risks
14	NIST Cybersecurity Framework Review	This review will compare the Expressway Authority's information security practices and procedures to the NIST Cyber Security Framework. This framework is widely recognized as the benchmark for assessing/creating overall information security programs.	Cyber / Data Security
15	Secure Code Review	This review will assess the security of production code for applications that are developed in-house. Application's functionality, security standards, and coding practices will be reviewed through documentation and by conducting both automated and manual analysis against the Open Web Application Security Project ("OWASP") framework.	Cyber / Data Security
16	Third Party Collections Review (Payment Solutions)	This project will consist of identifying and reviewing risks related to the various programs in which CFX collects revenue from third parties that utilize E-Pass or through other point-of-sale payment solutions, outside of traditional toll revenue collections (e.g., parking garages and lots, charging stations, third party mobile applications, etc.)	Cost Containment Business / IT Applications and Systems
17	Engineering and Construction Invoice Review	This project will consist of a review of the following areas for process improvement opportunities: (1) Engineering and Construction invoicing, to identify opportunities to streamline invoicing review and payment, (2) Contracting; specifically, opportunities for and advantages of changing from a cost plus fixed fee model to a lump sum model, and (3) supporting technology.	Cost Containment Contract Management Business / IT Applications and Systems
18	Cashless Tolling Risk Analysis	In conjunction with CFX's continued discussions around the risks and opportunities of converting cash tolling operations to all electronic tolling, Internal Audit will participate in and support, through risk identification and analysis and by offering perspective, the discussions held by CFX management, the General Engineering Consultant, and through Board workshops. Deliverables associated with this project will be defined based upon needs identified during these discussions.	Toll Collections Cash Handling

APPENDIX B

ENTERPRISE RISK ASSESSMENT

ENTERPRISE RISK ASSESSMENT

To assist with the development of the fiscal 2023 Internal Audit Plan, Internal Audit used the prior year risk model as the starting point for discussions with CFX management. Internal Audit asked CFX management to consider the current business environment, critical business initiatives, and prior year audit results to provide input on which risks warranted the most focus in today's environment. In addition, management was asked to identify any new risks that may not have been considered in past years for inclusion in the current risk model.

Internal Audit utilized the aggregated input obtained during interviews with CFX management and from risk surveys of management to develop a list of potential internal audit projects for fiscal 2023, with the objective being to help the Audit Committee and management mitigate areas of highest residual risk, monitor areas of high inherent risk, or to mitigate areas where risks are trending higher.

Risk is defined as follows:

Risk:

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

Inherent Risk:

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

Residual Risk:

- Is the amount of risk remaining after the application of management controls. Residual risk was judgmentally considered for purposes of this fiscal 2023 audit plan in the selection of potential projects for inclusion in the plan. The results of the residual risk assessment are depicted via the Enterprise Risk Map on the following pages.

RISK MODEL

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

Bold represents risks addressed by the FY 2023 Internal Audit plan.

2022 ENTERPRISE RISK MAP – RESIDUAL RISK



APPENDIX C

INTERNAL AUDIT CHARTER

INTERNAL AUDIT CHARTER

Central Florida Expressway Authority Fiscal 2023 Internal Audit Department Charter

Mission and Purpose
<p>The mission of the internal audit department is to provide CFX Board with independent, objective assurance and consulting services designed to add value, improve the Expressway Authority’s operations, and enhance transparency. The purpose of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight into whether Expressway resources are responsibly and effectively managed to achieve intended results. The internal audit department helps the Expressway accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.</p>
Standards and Professionalism
<p>Internal audit will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors’ International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.</p> <p>The Institute of Internal Auditors’ Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to the Expressway’s relevant policies and procedures and the internal audit activity’s standard operating procedures manual. Internal Audit will report periodically to senior management and the Board regarding the internal audit department’s conformance to the Code of Ethics and the Standards.</p>
Authority
<p>The Internal Auditor is appointed by the Expressway Authority Board, and reports to them through the Audit Committee. The role of the Internal Auditor may be filled by an outside firm that provides internal audit services to the Expressway Authority on an outsourced basis. For administrative purposes, the Internal Auditor reports to the Chief Financial Officer. To establish, maintain, and assure that the Expressway Authority’s internal audit department has sufficient authority to fulfill its duties, the Board will:</p>

INTERNAL AUDIT CHARTER

Authority (continued)
<ul style="list-style-type: none">• Approve the internal audit department’s charter.• Approve the risk-based audit plan.• Approve the internal audit department’s budget and resource plan.• Receive communications on the internal audit department’s performance relative to its plan and other matters.• Make appropriate inquiries of management and internal audit department to determine whether there is inappropriate scope or resource limitations. <p>Everything the Expressway Authority does is subject to assessment by internal audit. The Board authorizes the internal audit department to:</p> <ul style="list-style-type: none">• Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.• Allocate resources, set frequencies, select subject, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.• Obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized service from within or outside the organization, as approved by the Audit Committee.
Internal Audit Plan
<p>At least annually, the Internal Audit Department will submit to senior management and the Board an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal/calendar year. The Internal Audit Department will communicate the impact of resource limitations and significant interim changes to senior management and the Board.</p> <p>The internal audit plan will be developed based on a prioritization of audit universe using a risk-based methodology, including input of senior management and the Board. The Internal Audit Department will review and adjust the plan, as necessary, in response to changes in the organization’s business, risks, operations, programs, systems, and controls. Any significant interim changes from the approved internal audit plan will be communicated to senior management and the Board through periodic activity reports.</p>

INTERNAL AUDIT CHARTER

Independence and Objectivity

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

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

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

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

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

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

INTERNAL AUDIT CHARTER

Scope

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

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

Internal Audit also considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit department may perform advisory and related client service activities, the nature and scope of which will be agreed with the Expressway Authority, provided the internal audit department does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

INTERNAL AUDIT CHARTER

Responsibility

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

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

INTERNAL AUDIT CHARTER

Reporting and Monitoring

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

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

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

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

Quality Assurance and Improvement Program

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

The Internal Audit Department will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments.

Face the Future with Confidence

D.3

REVIEW AND ACCEPTANCE OF THIRD PARTY COLLECTIONS REVIEW



THIRD PARTY REVENUE COLLECTIONS REVIEW

March 2022

**CENTRAL
FLORIDA
EXPRESSWAY
AUTHORITY**

TABLE OF CONTENTS

Section	Page
Executive Summary	3
Results Summary	5
Appendix: Detailed Audit Procedures	7

EXECUTIVE SUMMARY



Project Overview

Overview

In accordance with the FY2022 Internal Audit Plan, Internal Audit performed a review of third-party, non-traditional revenue streams where E-PASS and other point-of-sale payment solutions are used and processes are different than those from core tolling revenue collection. The review was focused on the processes, risks, and internal controls within the programs by which the Central Florida Expressway Authority (CFX) collects non-traditional revenues within the following revenue channels.

Collection Channel	Channel Description	Transaction Volume (Annualized)	Transaction Dollar Value (Annualized)	CFX Share of Revenue (Annualized)	% Share of Transaction Dollars Audited
Greater Orlando Aviation Authority (GOAA)	Customers may utilize their E-PASS or SunPass transponder to pay for parking at the Orlando International Airport. Transactions are captured by GOAA are transmitted to CFX in daily batches. CFX charges E-PASS customer accounts directly; transactions for SunPass customers are sent to the Florida Turnpike Enterprise (FTE) for collection. CFX remits cash collected for all transactions to GOAA less a transaction fee.	199,000	\$6,019,000	\$.10 per transaction	81%
PayTollo	PayTollo is a third-party mobile application that facilitates collection of toll payments from non-CFX customers on behalf of CFX. PayTollo maintains a list of license plates for registered users. CFX aggregates Pay-by-Plate transactions corresponding to registered plates and invoices PayTollo on a monthly basis. Cash is received directly from PayTollo.	540,000	\$863,000	\$863,000	12%
Amazon	CFX sells multiple types of transponders via Amazon on a consignment basis. Transponders are shipped periodically according to demand and inventory levels. Cash is received bi-monthly from Amazon, less applicable fees. CFX downloads transactional reporting monthly and records Amazon transponder sales revenue accordingly.	55,000	\$767,000	\$439,000	6%
Port Canaveral	Customers may utilize their E-PASS or SunPass transponder to pay for parking at Port Canaveral in participating terminals. Transactions are captured by Port Canaveral and transmitted to CFX in real time. CFX charges E-PASS customer accounts directly; transactions for SunPass customers are sent to FTE for collection. CFX remits cash collected for all transactions to Port Canaveral less a transaction fee.	425	\$52,000	\$.10 per transaction	1%
College Bookstores	CFX operates a retail transponder program whereby E-PASS transponders are marketed and distributed through university bookstores throughout Florida. Transactions are recorded at the time of shipment. CFX collects directly from the bookstores.	175	\$2,400	\$2,400	<1%
Charging Stations	ChargePoint operates an online network of electric vehicle charging stations; CFX hosts five charging stations at headquarters. ChargePoint records transactions and remits cash to CFX less a fee.	<100	\$125	<\$100	<1%

*Note—the annualized transaction data shown above represents FY22 activity through the beginning of fieldwork. Six (6) months of data was available for Port Authority and ChargePoint, beginning August 2021; seven (7) months of data was available for all other channels, beginning July 2021. Not audited; for informational purposes only.

**Note—CFX Share of Revenue Annualized for Amazon and ChargePoint are shown is net of miscellaneous fees.

EXECUTIVE SUMMARY



Project Overview, Scope, and Approach

Objectives

The objectives of this review were to document the current state revenue capture processes and identify key risks within each third-party collection channel, and to identify and assess key internal controls related to the complete and accurate capture of transactions, recording of associated revenue, collection of and pass through of cash, and related monitoring and reporting activities.

Project Scope and Approach

The scope and approach for the audit was as follows:

- Documented the current state of the following non-core, third-party payment collection channels within the context of the six elements of infrastructure (policies, processes, people and organization, management reports, methodologies, systems and data) through interviews with key personnel and review of relevant documents.
 - E-PASS Transponder Sales (Amazon, College Bookstores)
 - Parking Revenue (GOAA and Port Authority)
 - Charging Stations Point of Sale Revenue
 - PayTollo App Collection and Payment
- Documented key risks and internal controls in place to help CFX verify the completeness and accuracy of transactions and records, in addition to internal controls around fraud risk, accounting and reporting, logical access, and IT operations.
- Reviewed key internal controls for design effectiveness and tested for operating effectiveness.
- Reviewed for opportunities for increased efficiency, utilization of technology, and automation to improve CFX's procedures, processes, and internal controls.

EXECUTIVE SUMMARY



Summary of Audit Procedures Performed and Results

Based on the procedures performed by Internal Audit specific to each of the in-scope, non-tolling CFX revenue channels, no observations were noted specific to completeness, accuracy, or the existing internal control structure in place the help CFX verify completeness and accuracy of revenue.

For each of the revenue channels selected for audit, Internal Audit identified risks and tested key controls within the process areas outlined below. The table below provides an overview of the procedures performed for each channel audited with the categories of process governance and transaction recording and financial reporting. Further details related to the specific procedures performed are provided in Appendix A.

Process Governance:

Reviews of policies and procedures for compliance with applicable service agreements; review of system capabilities and reporting, including segregation of duties.

Transaction Recording and Financial Reporting:

Reviews of reconciliations and internal controls designed to ensure the complete and accurate recording of transactions, reporting of revenue, and handling of and cash.

Revenue Channel	Procedures Performed		Number of Observations	Observation Reference
	Process Governance	Transaction Recording and Financial Reporting		
Greater Orlando Aviation Authority (GOAA)	1	4	0	-
Port Canaveral	1	4	0	-
PayTollo	1	1	0	-
Amazon	2	2	0	-
College Bookstores	0	1	0	-
Charging Stations	2	2	0	-
Totals:	7	14	0	-

APPENDIX A

Detailed Audit Procedures

APPENDIX A

Detailed Audit Procedures Performed: Amazon Transponder Sales

Process Governance

- ❖ Review of access and permissions to the Amazon Seller Central Portal for appropriateness and proper segregation of duties.
- ❖ Review of procedures surrounding product pricing and governance of the Amazon Seller Central Portal for compliance with key provisions within the Amazon Services Business Solutions Agreement.

Transaction Recording and Financial Reporting

- ❖ Testing of a sample of monthly reconciliation packages for adequate supporting documentation and appropriate recording of cash receipts and revenue within the general ledger.
- ❖ Testing of a sample of key transactional reports to verify the completeness and accuracy of source data used in financial reporting.
- ❖ Tracing of a sample transponder purchase from the source to the Amazon transaction detail to validate the accuracy of the transaction flow.

Continued on the following page....

APPENDIX A

Detailed Audit Procedures Performed: Greater Orlando Aviation Authority Parking

Process Governance

- ❖ Review of current practices and procedures for compliance with key provisions of the agreements with GOAA and Florida Turnpike Enterprise (FTE).

Transaction Recording and Financial Reporting

- ❖ Testing of a sample of monthly reconciliation packages for adequate supporting documentation and appropriate recording of cash receipts and disbursements and revenue within the general ledger.
- ❖ Testing of a sample of wire disbursements for appropriate approval and segregation of duties.
- ❖ Tracing of a parking transaction to the transaction detail with the Toll Revenue Information Management System (TRIMS) to validate the accuracy of the transaction flow.

Continued on the following page....

APPENDIX A

Detailed Audit Procedures Performed: Port Canaveral Port Authority Parking

Process Governance

- ❖ Review of current practices and procedures for compliance with key provisions of the Interlocal Agreement for Electronic Parking Fee Collection in place with Canaveral Port Authority.

Transaction Recording and Financial Reporting

- ❖ Testing of a sample of monthly reconciliation packages for adequate supporting documentation and appropriate recording of cash disbursements and revenue within the general ledger.
- ❖ Testing of a sample of wire disbursements for appropriate approval and segregation of duties.
- ❖ Tracing of a parking transaction to the transaction detail with the Toll Revenue Information Management System (TRIMS) to validate the accuracy of the transaction flow.

Continued on the following page....

APPENDIX A

Detailed Audit Procedures Performed: PayTollo Tolling App

Process Governance

- ❖ Review of current practices and procedures for compliance with key provisions of the services agreement between CFX and PayTollo.
- ❖ Validation of the appropriateness of user access to the IT server supporting PayTollo API according to job responsibility.

Transaction Recording and Financial Reporting

- ❖ Testing of a sample of monthly reconciliation packages for adequate supporting documentation and appropriate recording of cash receipts and revenue within the general ledger.
- ❖ Testing of a sample of wire disbursements for appropriate approval and segregation of duties.

Continued on the following page....

APPENDIX A

Detailed Audit Procedures Performed: College Bookstores Transponder Sales

Process Governance

- ❖ Review of current procedures and agreements governing the marketing, pricing, sales, and distribution to College bookstores.

Transaction Recording and Financial Reporting

- ❖ Testing of a sample purchase order for adequate supporting documentation and appropriate recording of cash receipts and revenue within the general ledger.

Continued on the following page....

APPENDIX A

Detailed Audit Procedures Performed: ChargePoint Charging Stations

Process Governance

- ❖ Review of current practices and procedures for compliance with key provisions of the agreement with ChargePoint.
- ❖ Review of access and permissions to the ChargePoint Online Portal for appropriateness and proper segregation of duties.

Transaction Recording and Financial Reporting

- ❖ Testing of a sample of monthly reconciliation packages for adequate supporting documentation and appropriate recording of cash receipts and revenue within the general ledger.
- ❖ Tracing of a sample charging transaction from the source to the ChargePoint transaction detail to validate the accuracy of the transaction flow.

Continued on the following page....

Face the Future with Confidence

© 2022 Protiviti Inc. All Rights Reserved. This document has been prepared for use by CFXs management, audit committee, and board of directors. This report provides information about the condition of risks and internal controls at one point in time. Future events and changes may significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.

protiviti®

D.4

REVIEW AND ACCEPTANCE OF CASHLESS TOLLING RISK ANALYSIS



CASHLESS TOLLING RISK ANALYSIS

June 2022

**CENTRAL
FLORIDA
EXPRESSWAY
AUTHORITY**

TABLE OF CONTENTS

Section Description	Page #
Executive Summary	
Overview, Objectives, Scope and Approach	3
Summary of Benchmarking Results	4
Benchmarking Results	
Unbanked Customers	6
Labor	7
Safety	8
Financials	9

EXECUTIVE SUMMARY



Overview

Background

On March 19th, 2020, the Central Florida Expressway Authority temporarily closed its manned lane terminals (MLTs) in response to safety concerns related to the COVID-19 pandemic. While CFX resumed cash collection for tolls on June 1st, 2020, other similar agencies opted to eliminate cash payments entirely for toll collections as part of an accelerating national trend. Approximately 50% of US tolling agencies are currently operating cashless.

As of the time of fieldwork for this review, cash collections represent approximately 4%, or \$24m of CFX annual toll revenue; the annual cost to CFX associated with collection is \$18m. By comparison, E-PASS and Pay By Plate account for approximately 76% and 20% of revenue, respectively, the majority of which is collected via electronic payments. In accordance with the national trend toward cashless tolling, CFX has planned for any future roadway construction projects to be cashless. Currently, one roadway within the CFX system, the Wekiva Parkway, is already fully cashless. While all-electronic tolling capability exists throughout the system, CFX continues to provide means for customers to pay for tolls using cash.

In accordance with the 2022 Internal Audit Plan, Internal Audit participated in workshop discussions held by CFX management and the Board of Directors to identify risks, opportunities, and stakeholder concerns relevant to a prospective conversion to All Electronic Tolling (AET).

Objectives

The objectives of this review were to support CFX with the identification of key risks and pitfalls inherent in the conversion to all electronic tolling ("AET"), document the plans in place to mitigate key risks, and provide perspective and a point of view on risks and lessons learned by other tolling agencies that have converted to AET.

Scope and Approach The scope and approach for the review were as follows:

- 1) Gained an understanding of developing AET conversion plans through interviews with CFX management and participated in a board workshop held to facilitate discussions on a potential conversion.
- 2) Performed benchmarking of similar tolling agencies that have undergone a conversion to AET to capture information regarding lessons learned, common pitfalls, and strategies employed to reduce the negative impacts of their conversions.
 - 1) Internal Audit gathered benchmarking information from the following tolling agencies and organizations: MTA Bridges and Tunnels, Pennsylvania Turnpike Commission, Illinois State Highway Toll Authority, United Bridge Partners, LLC, and Harris County Toll Road Authority (Protiviti Team). Information was gathered through interviews with staff and/or Protiviti personnel working with other agencies and reviews of related documents.

EXECUTIVE SUMMARY



Summary of Benchmarking Results

Topic Area	Potential Solutions / # Ideas for Consideration
Unbanked Customers and Visitors	3
Labor Impact	3
Safety Impact	1
Financial Impact	2

BENCHMARKING RESULTS

BENCHMARKING RESULTS

Opportunity 1 – Unbanked Customers and Visitors

Unbanked Customers
and Visitors

Labor

Safety

Financials

Opportunity

Currently, customers can pay for tolls using cash within the lanes at manned lane terminals (MLT), automated coin machines (ACM), and re-load lanes. Customers can also load their E-PASS accounts using cash at a walk-in customer service center. A CFX transition to All Electronic Tolling would entail the closure of the cash collection toll booths and automated coin machines which serve as the primary channels through which customers pay for tolls using cash. While several re-load lanes and a customer service center would continue to accept cash as a means of payment, customers would largely be required to pay for tolls through their E-PASS account via credit or debit card or through a Pay By Plate invoice received by mail, with payment via credit or debit card or by check.

A reduction in the availability of cash payment options could present challenges to customers without E-PASS accounts (i.e., the unbanked and visitors) in paying for tolls. Additionally, those formerly cash-paying customers who do not adopt an E-PASS transponder will be charged the higher Pay by Plate rate, representing an increased economic burden.

CFX is considering ways to mitigate the economic impacts of an AET transition on unbanked customers and temporary visitors by reducing barriers to adoption of E-PASS transponders and through expanding the avenues for accepting cash payments after a conversion to AET. Together, these strategies should minimize the impact of increased tolling rates associated with the Pay by Plate payment method.

Potential Solutions

Internal Audit identified the following potential solutions implemented by similar organizations to address this challenge, some of which are being employed at CFX:

- Enhance the level of community outreach to educate the public regarding the transition and cashless payment options.
 - Utilize address information from invoiced PBP customers to inform them via mail of E-PASS as a payment option.
 - Create an AET-transition specific website, with informational resources for customers.
- Encourage increased adoption of E-PASS among cash-paying customers through the following:
 - Offer cash incentives (e.g., Visa gift cards) to new account holders to increase E-Pass account creation.
 - Extend the grace period during which no penalty is applied for insufficient funds on account.
- Offer alternate means of payment
 - Offer pre-paid cards for sale at brick-and-mortar retail locations which may be used to fund E-Pass accounts by customers using cash.
 - Allow tolling statements to be paid using cash through third-party vendors at brick-and-mortar retail locations (i.e., registers and kiosks).
- Invest in means to help temporary visitors take advantage of discounts and benefits available to E-PASS customers.
 - Expand the existing Visitor Toll Pass program at the Orlando International Airport to encourage transponder use by temporary visitors.

BENCHMARKING RESULTS

Opportunity 2 – Labor

Unbanked Customers
and Visitors

Labor

Safety

Financials

Opportunity

CFX currently utilizes a third-party contractor to collect tolls within manned lane terminals and to operate automatic coin machines, representing a staff totaling approximately 260 contractors. A transition to All Electronic Tolling would eliminate the need for virtually all in-person toll collection roles within the lanes and support staff within the toll plaza back offices. Interviews with other tolling agencies having undergone AET conversion indicate the following potential impacts:

- Impacted contractors may seek employment elsewhere before the transition is complete, which could result in staffing shortages.
- Pay By Plate transaction volume will likely increase as cash payment options decline, resulting in an increased workload for image review and customer service roles.

CFX should coordinate with the third-party contractor to mitigate these potential impacts and ensure adequate labor resources during and after the AET transition. CFX should also consider offering resources to assist impacted contractors with finding new employment opportunities.

Potential Solutions

Internal Audit identified the following ideas and solutions implemented by similar organizations to address this challenge, some of which are being employed at CFX:

- CFX should coordinate with the third-party contractor to ensure service level agreements are met throughout the transition
 - Other tolling agencies and vendors have offered early retirement and benefits to eligible employees, contingent upon their employment through the transition date. For employees ineligible for early retirement, cash incentives were paid to encourage retention as the transition date approached.
- Coordinate with the third-party contractor to hire, train, and redeploy eligible toll collections contractors to other roles within the agency, such as image review and customer service.
- Host workshops for impacted contractors to assist with resume writing, interviewing skills, networking. Provide other job search assistance, as needed, for terminated roles.

BENCHMARKING RESULTS

Opportunity 3 – Safety

Unbanked Customers
and Visitors

Labor

Safety

Financials

Opportunity

A transition to All Electronic Tolling (AET) would involve the immediate decommissioning and eventual removal or repurposing of physical structures such as toll plazas, booths, and gantries which exist on most CFX roads. Changes in the use of these structures and/or their removal could impact traffic patterns. Most agencies interviewed during the Internal Audit benchmarking exercise stated that accident rates have increased following their transition to AET; however, the root causes are not yet known, and current available data is inconclusive as to the contributing factors.

CFX should consider taking preemptive action to reduce driver confusion and address roadway safety concerns stemming from changes to the flow of traffic resulting from an AET transition.

Potential Solutions

Internal Audit identified the following ideas and solutions implemented by similar organizations to address this challenge:

- Preemptively add additional signage to impacted roadways, plazas, and exits before, during and immediately after the transition to AET.
 - Signage notifying drivers that the cash payment option is no longer available and that stopping is not necessary.
 - Signage encouraging drivers to slow down on exits which formerly had cash payment options.

BENCHMARKING RESULTS

Opportunity 4 - Financials

Unbanked Customers
and Visitors

Labor

Safety

Financials

Opportunity

The total financial impact of an AET transition is a function of the cost savings associated with eliminating cash collections and the net impacts of shifting cash customers to different collection channels after considering additional processing costs, leakage, and potential lower collectability rates. Each toll collection channel (i.e., Cash, E-PASS, and Pay By Plate) has a unique toll rate and cost structure. While the cost savings associated with the elimination of cash collections in the lanes is known, the total transition impact depends on the new breakdown of transactions flowing through the remaining channels, E-PASS and Pay By Plate. Higher processing costs, leakage, and lower collectability rates associated with Pay By Plate transactions result in nearly double the rates of E-PASS to cover the additional costs associated with this collection channel.

Interviews with agencies which have undergone AET conversion indicate that a significant portion of cash transactions may shift to the Pay By Plate channel, increasing the portion of overall collections subject to higher costs and lower collectability rates. Additionally, for the agencies interviewed which have undergone AET conversion, the cost savings generated through the elimination of cash collections did not offset the increased Pay By Plate costs.

CFX should consider methods and opportunities to encourage the adoption of E-PASS transponders among cash-paying customers in order to minimize the financial impact of increased Pay By Plate volume and should assess the sufficiency of current rate structures to withstand such a shift.

Potential Solutions

Internal Audit identified the following ideas and solutions implemented by similar organizations to address this challenge, some of which are being employed at CFX:

- Offer discounts for PBP customer transponder purchases to increase adoption rate.
- Other tolling agencies have increased tolling rates associated with PBP transactions to offset additional costs incurred.
 - CFX should consider monitoring and periodically analyzing PBP transaction metrics, adjusting tolling rates as necessary to counteract increased costs and leakage and lower collection rates.

Face the Future with Confidence

protiviti®

D.5

**ANNUAL
DISCUSSION
REGARDING
INTERNAL AUDITOR
PERFORMANCE
AND
EFFECTIVENESS**

**THERE ARE
NO BACKUP
MATERIALS FOR
THIS ITEM**

D.6

**ANNUAL DISCUSSION
OF THE COMMITTEE'S
RESPONSIBILITIES AS
OUTLINED IN THE
AUDIT COMMITTEE
CHARTER AND
RECOMMENDATIONS
AS NEEDED**

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

CENTRAL FLORIDA EXPRESSWAY AUTHORITY BOARD AUDIT COMMITTEE CHARTER

TABLE OF CONTENTS

I. PURPOSE	2
II. ORGANIZATION.....	2
III. CHAIRMAN SELECTION.....	3
IV. SUPPORT STAFF.....	3
V. MEETINGS	3
VI. QUORUM	4
VII. RESPONSIBILITIES	4
A. Financial Reporting Oversight.....	4
B. Internal Control and Risk Assessment.....	4
C. Compliance.....	5
D. Code of Ethics.....	5
E. Internal Audit.....	5
F. External Audit	5
G. Other Authority and Responsibilities	5

CENTRAL FLORIDA EXPRESSWAY AUTHORITY BOARD

AUDIT COMMITTEE CHARTER

I. PURPOSE

The Audit Committee's primary function is to assist the CFX 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 CFX 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 CFX Board.

II. 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; and
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.

III. CHAIRMAN SELECTION

The Audit Committee will be chaired on an annual, rotating basis beginning September 1, 2017, in the following order:

- a.) Seminole County Representative
- b.) Osceola County Representative
- c.) One of the Citizen Representatives
- d.) Lake County Representative
- e.) City of Orlando Representative
- f.) Brevard County Representative
- g.) Orange County Representative

The Audit Committee Chair shall serve as the Board Liaison and may be requested to attend CFX Board meetings.

In the event there is no available representative from the entity assigned to serve the role of Chairman, the next scheduled representative shall serve a one-year term with regular order of succession to resume thereafter.

IV. 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 CFX procurement policy and budget.

V. MEETINGS

The Audit Committee shall meet at least quarterly. Meetings may be called by the CFX 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. Committee recommendations shall be submitted to the Board for approval. Final committee meeting minutes shall be submitted to the Board for information.

VI. 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.

Due to scheduling conflicts or illness a Committee Member may appear by telephone and vote on agenda items where a quorum is physically present not to exceed three meetings per calendar year. The participating absent member must be able to hear all participants in the meeting and be heard by all participants. In the event of continued absenteeism the Audit Committee Chairman may recommend alternate appointments to the Board.

VII. RESPONSIBILITIES

A. 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; and
 - All matters required to be communicated to the Committee under generally accepted auditing standards.
2. Review with Management, the CFX's financial performance on a regular basis.

B. 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.

C. 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.

D. Code of Ethics

7. Review with Management and monitor adequacy, administration, and compliance with the CFX'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.

E. 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.

F. External Audit

16. Appoint Audit Committee Members to serve on the Selection Committee for all external audit services.
17. Recommend to the CFX 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.

G. Other Authority and Responsibilities

21. Conduct other activities as requested by the CFX 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 responsibilities as outlined in this Charter and make recommendations, as needed.
25. Confirm annually that all responsibilities outlined in this Charter have been carried out.

D.7

CONFIRMATION OF COMPLETION OF RESPONSIBILITIES IN THE AUDIT COMMITTEE CHARTER

Central Florida Expressway**Audit Committee Charter Responsibilities Matrix - Fiscal Year 2022**

For Audit Committee as of June 22, 2022

Financial Reporting Oversight**Review with Management and the External Auditors:**

Number	Responsibility	Completion Date
1a	The annual financial statement and related footnotes	Oct-21
1b	The external auditors' audit of the financial statements and their report	Oct-21
1c	Managements' representations and responsibilities for the financial statements	Oct-21
1d	Any significant changes required in the audit plan	Oct-21
1e	Information from the external auditors regarding their independence	Oct-21
1f	Any difficulties or disputes with Management encountered during the audit	Oct-21
1g	The organization's accounting principles	Oct-21
1h	All matters required to be communicated to the Committee under generally accepted auditing standards	Oct-21
2	Review with Management, the CFX's financial performance on a regular basis	Oct-21

Internal Control and Risk Assessment

3	Review with Management the effectiveness of the internal control system, including information technology security and control	Apr-22
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	Apr-22

5	Review any significant findings and recommendations of the Internal Auditor and external auditors together with Management's responses, including the timetable for implementation of recommendations to correct any weaknesses	External Auditors - Oct 27, 2021. Internal auditors - various
---	---	--

Compliance

6	Review with Management the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance	Apr-22
---	--	---------------

Code of Ethics

7	Review with Management and monitor adequacy, administration, and, compliance with the CFX's Code of Ethics	Apr-22
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	Apr-22

Internal Audit

9	Recommend to the Board the appointment or removal of the Internal Audit Director	As Needed
10	Review and approve the annual internal audit plan and all major changes to the plan	Jun-22
11	Review the internal audit budget and submit to the Finance Committee	Jan-22
12	Review and approve the Internal Audit Department Charter	Jun-22
13	Review internal audit reports and recommend transmittal and acceptance of the audit for filing with the governing Board which shall be accomplished by separate item on the Consent Agenda at a regularly scheduled meeting	Various
14	Review annually the performance of the Internal Audit Director	Jun-22
15	Review annually the effectiveness of the internal audit function	Jun-22

External Audit

16	Appoint an Audit Committee Member to serve on the Selection Committee for all external audit services	As Needed
----	---	------------------

17	Recommend to the CFX Board the external auditors to be appointed and the related compensation	As Needed
18	Review and approve the discharge of the external auditors	As Needed
19	Review the scope and approach of the annual audit with the external auditors	Oct-21
20	Approve all non-audit services provided by the external auditors	As Needed

Other Authority and Responsibilities

21	Conduct other activities as requested by the CFX Board	As Needed
22	Conduct or authorize investigations into any matter within the Committee's scope of responsibilities	As Needed
23	Address any disagreements between Management and the Internal Auditor or external auditors	As Needed
24	Evaluate the Committee's responsibilities as outlined in the Audit Committee Charter and make recommendations, as needed	Jun-22
25	Confirm annually that all responsibilities outlined in the Charter have been carried out	Jun-22

Audit Committee Composition and Chairman Selection

27	The Audit Committee shall be composed of six voting members from Orange County, the City of Orlando, Lake County, Osceola County, Seminole County, and Brevard County and up to three (3) citizen representatives with appointment terms of 2 years.	As Needed
28	<p>The Audit Committee will be chaired on an annual, rotating basis beginning on September 1, 2017 in the following order:</p> <p>Seminole County Representative</p> <p>Osceola County Representative</p> <p>One of Citizen Representative</p> <p>Lake County Representative</p> <p>City of Orlando Representative</p> <p>Brevard County Representative - 2021/22</p> <p>Orange County Representative - 2022/23</p>	Oct-21