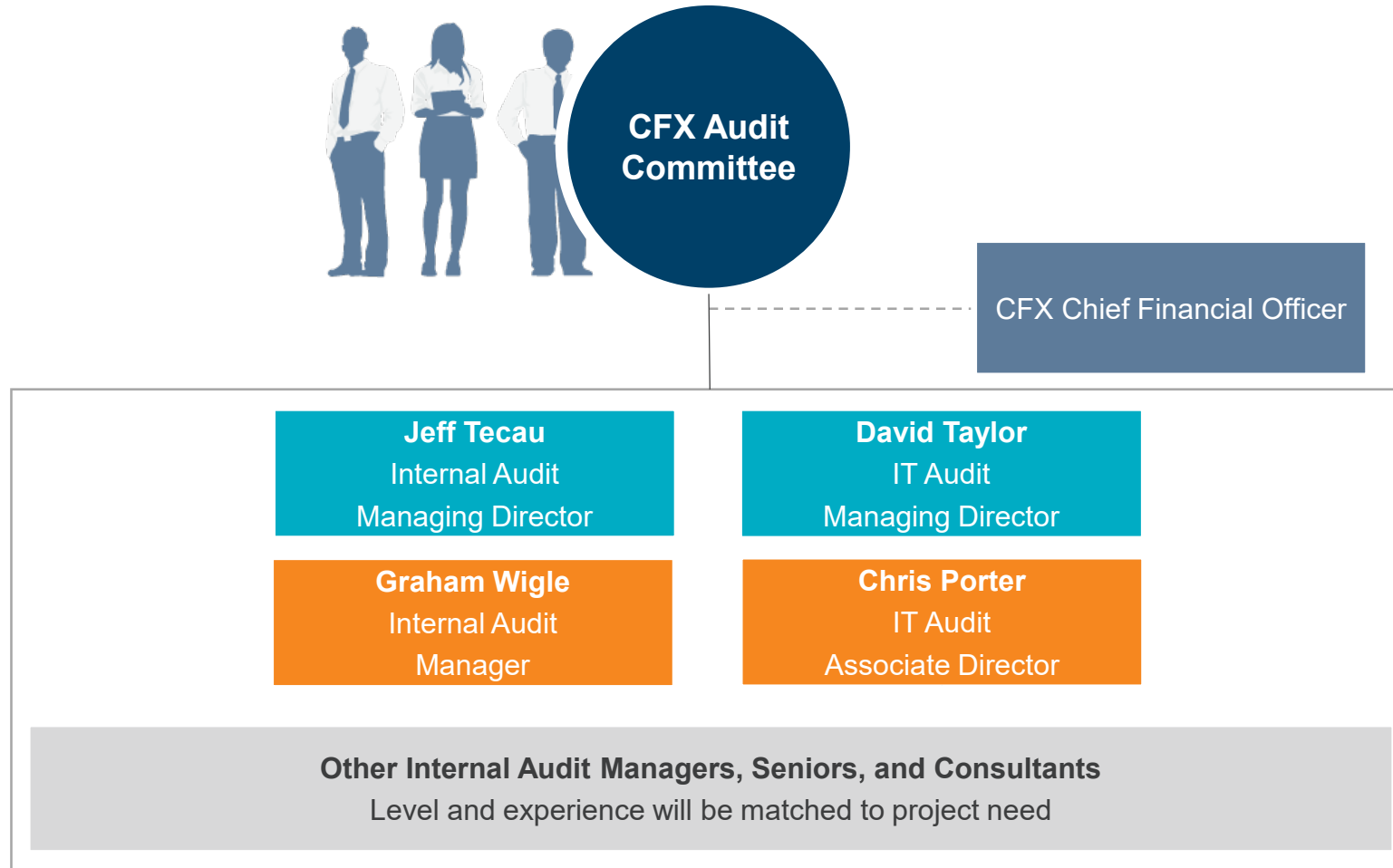


CENTRAL FLORIDA EXPRESSWAY AUTHORITY

Internal Audit Plan

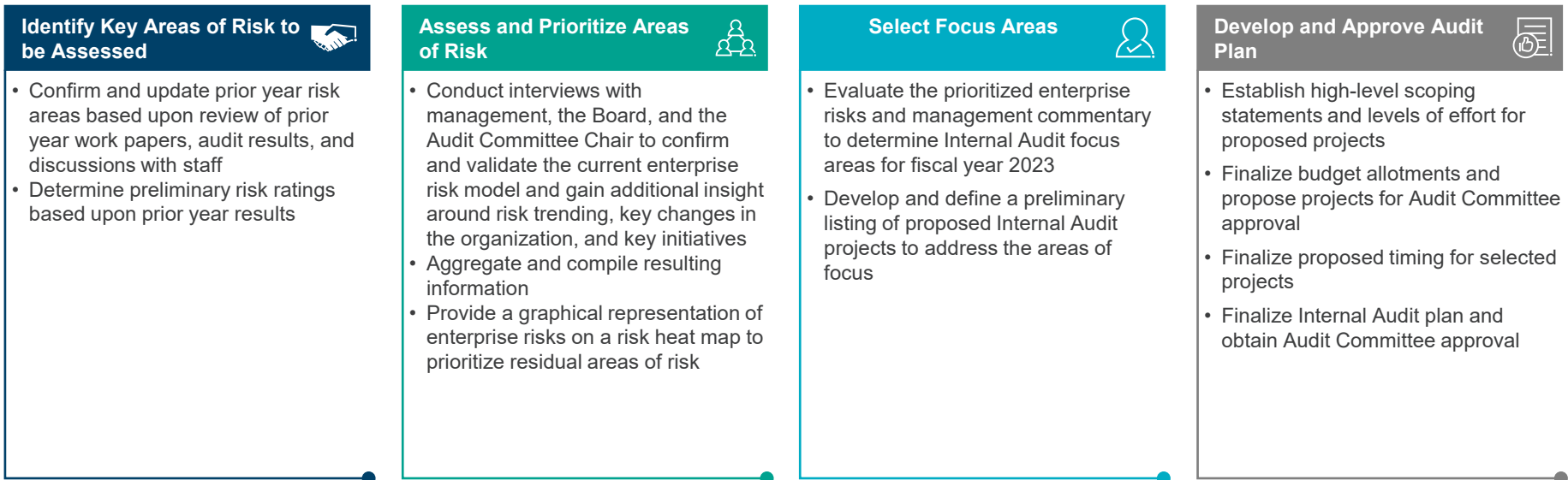
For the Fiscal Year Ending June 30, 2023

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

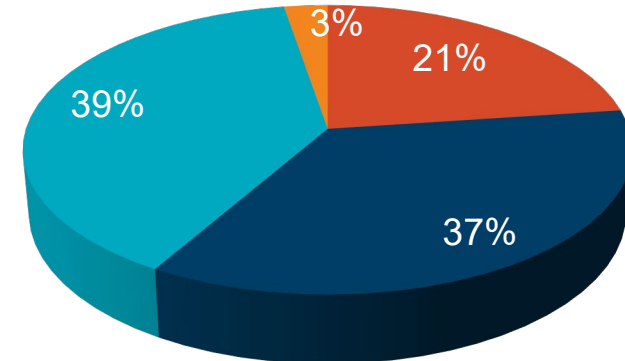
Meetings were scheduled with the following 22 individuals to gather information to develop the fiscal year 2023 Internal Audit plan:

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

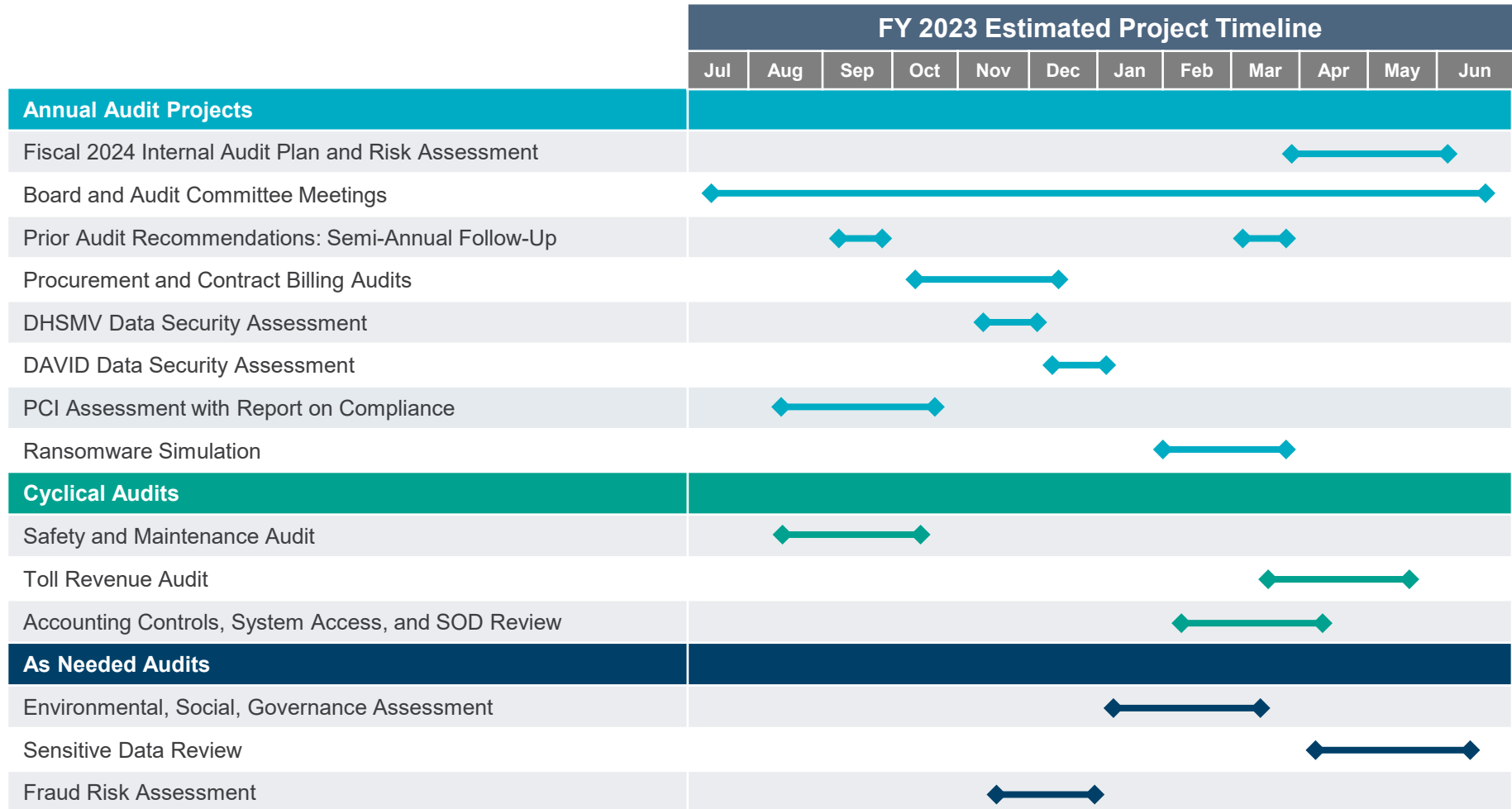
* Board member was provided a copy of the Risk Discussion Document for review and opportunity to provide input in lieu of a formal interview.

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 	<ul style="list-style-type: none"> \$25,000 \$15,000 \$44,000 \$35,000 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> \$50,000 \$90,000 \$45,000 \$25,000 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> \$25,000 \$20,000 \$100,000 \$35,000 \$40,000 	<ul style="list-style-type: none"> Annual Annual Annual Annual As Needed
Other		
<ul style="list-style-type: none"> Board and Audit Committee Meetings 	<ul style="list-style-type: none"> \$15,000 	<ul style="list-style-type: none"> Annual
Total Internal Audit Budget	\$564,000	



INTERNAL AUDIT TIMELINE



THREE YEAR INTERNAL AUDIT PLAN

Description	Frequency	Date Last Performed	Audit Plan Year		
			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:

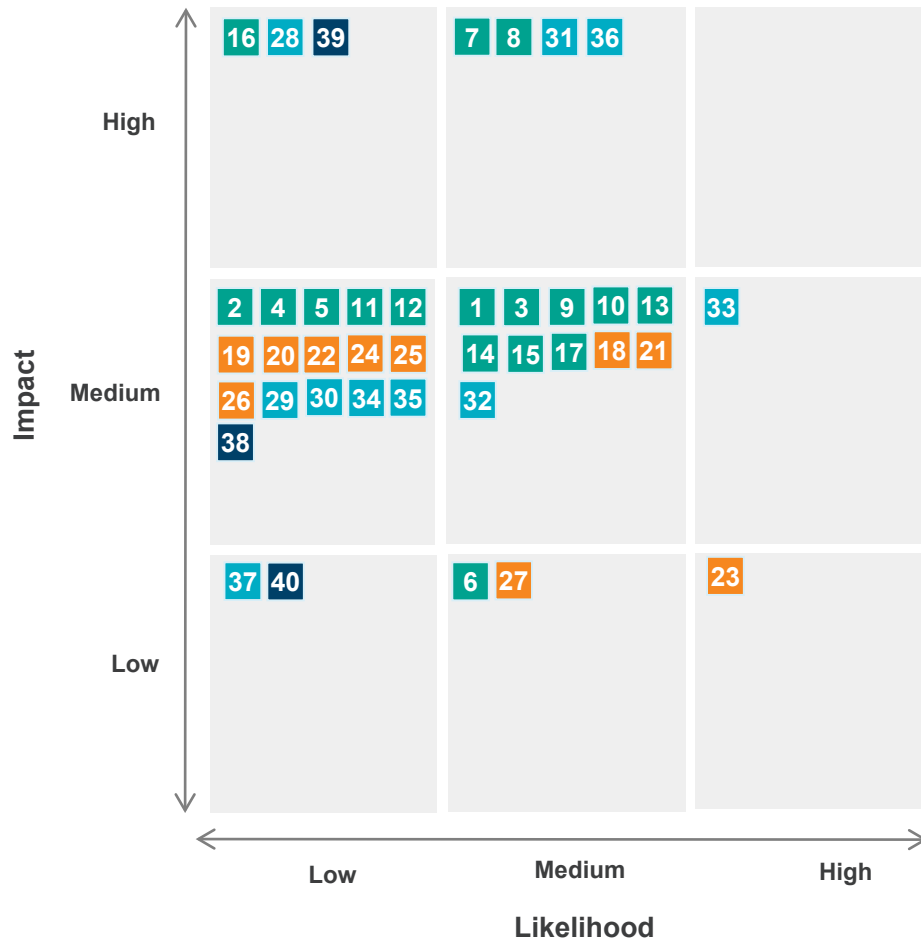
- Is the amount of risk remaining after the application of management controls. Residual risk was judgmentally considered for purposes of this fiscal 2023 audit plan in the selection of potential projects for inclusion in the plan. The results of the residual risk assessment are depicted via the Enterprise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



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

APPENDIX C

INTERNAL AUDIT CHARTER

INTERNAL AUDIT CHARTER

Central Florida Expressway Authority Fiscal 2023 Internal Audit Department Charter

Mission and Purpose

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

Standards and Professionalism

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

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

Authority

The Internal Auditor is appointed by the Expressway Authority Board, and reports to them through the Audit Committee. The role of the Internal Auditor may be filled by an outside firm that provides internal audit services to the Expressway Authority on an outsourced basis. For administrative purposes, the Internal Auditor reports to the 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:

INTERNAL AUDIT CHARTER

Authority (continued)

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

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

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

Internal Audit Plan

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

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

INTERNAL AUDIT CHARTER

Independence 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

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