



PROCUREMENT AND CONTRACT BILLING AUDIT

December 2021

**CENTRAL
FLORIDA
EXPRESSWAY
AUTHORITY**

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EXECUTIVE SUMMARY

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Overview

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

Objectives

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

Project Scope and Approach

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

Phase I – Contract Analysis and Selection

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

1. **Sema Construction, Inc. (#001614)** – Contract for construction of SR 528 / SR 436 Interchange Improvements and SR 528 Widening from SR 436 to Goldenrod Road. Project of critical concern. This contract began in April 2020 and had a current contract value of approximately \$107 million at the time of audit. As taken from Eden, CFX’s accounting system, total expenditures to date at the time of this audit were approximately \$79.4 million.
2. **Dewberry Engineers, Inc. (#001145)** – Contract for General Engineering Consultant (GEC) Services. This contract began in December 2016 and had a current contract value of approximately \$32.6 million at the time of audit. As taken from Eden, CFX’s accounting system, total expenditures to date at the time of this audit were approximately \$25.9 million.

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Phase II – Processes and Controls Review

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

During September 2021, Internal Audit completed a review of recommendations issued during prior audits. No audit recommendations remained open from prior year Procurement and Contract Billing Audits. The changes resulting from prior audit recommendations issued during past audits were incorporated into the 2022 Procurement and Contract Billing Audit for review so that Internal Audit could verify that prior year findings were resolved and are not prevalent in the current year contracts selected for testing.

Phase III – Contract-Specific Audit Procedures

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

Contract	Contract Value	Spend to Date [1]	Sample Tested [2]	% Spend Tested
Sema Construction, Inc. (#001614)	\$107,020,926.32	\$86,697,018.04	\$52,191,761.05	60%
Dewberry Engineers, Inc. (#001145)	\$32,595,000.00	\$26,418,673.81	\$10,963,911.99	42%

[1] As of October 22, 2021

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

Phase IV – Reporting and Deliverables

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

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