2021 TOLL REVENUE AUDIT

April 2021

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

TABLE OF CONTENTS

Section	Page
Executive Summary	3

protiviti

EXECUTIVE SUMMARY

✓ Overview

The Central Florida Expressway Authority ("CFX") currently owns and operates 125 centerline miles of roadway in Orange County. The roadways include 22 centerline miles on State Road (SR) 408 (Spessard L. Holland East-West Expressway), 23 centerline miles on SR 528 (Martin B. Andersen Beachline Expressway), 33 centerline miles on SR 417 (Central Florida GreeneWay), 30 centerline miles on SR 429 (Daniel Webster Western Beltway), six centerline miles on SR 414 (John Land Apopka Expressway), two centerline miles on SR 451, two centerline miles on SR 453, and seven centerline miles on SR 538 (Poinciana Parkway).

In accordance with the 2021 Internal Audit Plan, Internal Audit reviewed and tested key controls of the two primary components of Toll Revenue in CFX's Comprehensive Annual Financial Report: Electronic Toll Collections (consisting of E-PASS and Pay By Plate) and Cash Toll Collections. Toll revenue collections for fiscal year 2021, from July 1, 2020 through February 28, 2021 totaled $224 million for E-PASS (74%), $65 million for Pay By Plate (21%), and $15 million for cash (5%) for a combined total of $304 million at the time of audit.

Cash Toll Collections

The CFX system includes manned lane terminals (MLT) and Automatic Coin Machines (ACM) lanes at most mainline plazas. Ramp toll plazas are not manned and cash collected at these plazas is limited to ACM lanes. The number of manned lanes and ACM lanes at each plaza vary based on traffic patterns, construction, and other factors influencing plaza operations.

CFX engages a third-party contractor (Shimmick) to manage day-to-day lane operations and cash toll collections. The contractor is responsible for the following:

- Staffing the toll plazas, including hiring, training, and monitoring employees,

- All controls around the physical security of cash maintained at the plazas from the point of collection through the time of deposit,

- Monitoring of the electronic tolling system, and

- Audit procedures to identify variances between tolls collected, expected revenue, and cash deposited.

The third-party contractor has been performing this function for CFX since 1995 (under varying company names). The contract was rebid in 2005 and 2015. On-site management of the contract has remained greatly the same despite name and ownership changes.

protiviti

EXECUTIVE SUMMARY

Overview

Electronic Toll Collections

E-PASS

Customers who drive on CFX's roadways have the option of utilizing a prepaid E-PASS account via a transponder. Each time customers use a toll facility where E-PASS is accepted, devices at the toll plaza (Automatic Vehicle Identification, or "AVI") read the transponder and identify the customer's account. The appropriate toll is electronically deducted from the prepaid account. CFX has entered into interoperability agreements with other agencies that allow transponders maintained with SunPass, LeeWay, and E-ZPass, among others, to be utilized on CFX's roadways. In addition, CFX has interoperability agreements that allow E-PASS customers to use transponders in certain parking facilities in the Central Florida area, including the Orlando International Airport.

The day-to-day operations associated with E-PASS accounts are outsourced to a third-party contractor (Alliance One). The contractor is responsible for providing the personnel necessary to operate the E-PASS Customer Service Centers, including servicing customers and processing account maintenance through walk-in service centers, a call center, mail, email, fax and the E-PASS website. Operations include other back-office activities and reconciliation activities.

The contract was rebid in 2020 and day-to-day operations transitioned to a new third-party contractor as of September 1, 2020. Many key personnel transitioned to the new third-party contractor and remain engaged in daily operations with the new contractor.

Pay By Plate Toll Collections

Pay By Plate (PBP) toll invoicing is an option for customers to "pay as you go" and forego the benefits of discounted E-PASS toll rates. With Pay By Plate, an image of the driver's license plate is captured as they pass through the toll plaza. Pay By Plate rates are twice the E-PASS rates and are assessed via the vehicle owner's account in TRIMS. For Pay By Plate transactions, a monthly toll invoice is generated and mailed to the registered owner of the vehicle. The vehicle owner can pay over the phone, online, or through a Touch-n-Buy kiosk powered by Blackstone, located throughout the state in check-cashing stores, local grocery stores, and gas stations.

When a Pay By Plate account becomes delinquent and meets the established timing and dollar thresholds, the vehicle owner is assessed a citation, which must be paid through the Clerk of Courts. Also, CFX may issue a vehicle registration hold if the vehicle owner's account becomes delinquent for unpaid tolls.

protiviti

EXECUTIVE SUMMARY

Overview

Infinity System Implementation

CFX is nearing the completion of an $85 million project with a third-party contractor (Transcore) to design, install and maintain a new, innovative electronic toll collection system for over 300 toll lanes. The new system, Infinity Digital Lane System, supports improved accuracy, reliability and automation of electronic and Pay By Plate tolling operations.

This technology upgrade includes advanced vehicle classification and identification systems combined with a digital video audit module called Q-Free, designed to enhance the system's precision and auditability. The contractor working with CFX on the design and install also established a Maintenance Monitoring Center (MMC) to track performance of the new toll collection system in real time, 24 hours a day, 365 days a year. The contractor is responsible for the ongoing maintenance of the toll system and will use the MMC to monitor, respond to and prevent system equipment issues before they occur. System implementation and go-live continues to proceed in a phased approach, with the remaining lanes and plazas to be converted near the end of fiscal year 2021.

The toll revenue capture process is highly dependent on various electronic systems to capture, process, and report toll revenue. The systems that significantly impact the toll revenue process are as follows:

- **Advanced Revenue Collection System (ARCS)** – The ARCS database stores transactional data generated and transmitted by the respective toll plazas. For this database, Internal Audit tested the effectiveness of controls in place around Computer Operations (e.g., data backups, job scheduling, and batch processing).
- **Toll Revenue Information Management System (TRIMS)** – TRIMS supports customer service center operations including the maintenance of customer account information and processing of payments.
- **EDEN** – EDEN is CFX's general ledger system provided by a third-party vendor, Tyler Technologies, Inc.
- **Infinity Digital Lane System** – Infinity is the new electronic tolling system currently being implemented across CFX's network of plazas and ramp gantries.
- **Q-Free Image Review Software** – Q-Free is a component of the newly installed Infinity system, which captures images of vehicles passing through Pay By Plate toll lanes.

protiviti

EXECUTIVE SUMMARY

🎯 Objectives, Scope, and Approach

The objectives of the toll revenue audit were to review that the following processes and internal controls are in place and operating effectively:

1. Processes and internal controls to verify that 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, counts, and other reconciling activities),
3. Controls around processing revenue adjustments to customer accounts,
4. Controls related to Pay By Plate billing, collection, and monitoring,
5. Reconciliation controls to monitor revenue related to interoperability agreements, and
6. IT general controls around supporting systems and information technology.

The scope of work included documenting current state processes, identification of internal controls and review of control design, and testing of key controls for cash toll collections, electronic toll collections, and supporting IT general controls. The timeframe for processes and testing of transactions in scope for this audit was July 1, 2019 through December 31, 2020, with the exception that vendor (E-Pass Customer Contact Center) services performed by Alliance One were evaluated as of September 1, 2020.

The audit approach included the following:
1. Conducting interviews with key CFX and subcontractor personnel to gain an understanding of current-state processes and updating of existing audit process documentation where applicable,
2. Identifying key risks and internal controls, and reviewing for gaps in internal control,
3. Evaluating key controls for design effectiveness, and
4. Performing procedures to evaluate the operating effectiveness of key controls related to the objectives above.

protiviti

Face the Future with Confidence

protiviti®