



# PROCUREMENT AND CONTRACT BILLING AUDIT

December 2022

**CENTRAL  
FLORIDA  
EXPRESSWAY  
AUTHORITY**

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# EXECUTIVE SUMMARY

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### Overview

In accordance with the FY2023 Internal Audit Plan, Internal Audit selected three 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 \$2.63 billion. The combined contract value of these three contracts exceeded \$181.2 million (\$66.7 million in current expenditures). The last contract billing audit was completed during December 2021 and included different contracts and different vendors.

### 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. SACYR S.A. (# 001764)** – Contract for the widening of SR 417 from Landstar Boulevard to Boggy Creek Road; Project 417-149) This contract began in July 2021. SACYR S.A. is a Spanish infrastructure operator and developer company. Contracts #001764 and #001773 are the first contracts between SACYR and CFX. They have a combined contract total of \$170,155,905 and expenditures of \$56,689,456. The two contracts were selected because they represent significant spend with a vendor CFX has not previously used. The two contracts are invoiced together and were tested as one selection when performing testing on payments.
- 2. SACYR S.A. (# 001773)** – Contract for the widening of SR 417 from Narcoossee Road to SR 528; Project 417-150. This project began in August 2021.
- 3. Parsons Transportation Group Inc. (#001395)** – Contract for Design Consultant Services for the widening of SR 429 from Florida's Turnpike to West Road; Project: 429-152. This project began in January 2019. This contract was selected for its significant spend and for the increased risk of posed by multiple supplemental agreements. The contract work has incurred over \$10M in expenditures and is now more than 90% complete.

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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 2022, Internal Audit completed a review of open recommendations issued as part of prior Procurement and Contract Audit reports in past years. As of the time of this audit, there were no audit recommendations that remained open from prior year Procurement and Contract Billing Audit reports. The process and internal control changes that were made based on prior audit reports were incorporated into the FY2023 Procurement and Contract Billing Audit scope for review so that Internal Audit could verify that prior year findings were fully resolved and not prevalent in the contracts selected for testing during the current year.

### Phase III – Contract-Specific Audit Procedures

Internal Audit performed detailed audit procedures to review contract terms, costs billed to CFX, and other key attributes for each contract selected for audit. The contracts selected, contract 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
SACYR S.A. (#001764 and #001773)	\$170,155,905.00	\$64,346,725.19	\$44,791,247.36	69.61%
Parsons Transportation Group Inc. (#001395)	\$11,044,181.35	\$10,362,343.61	\$6,566,787.75	63.37%

[1] As of November 7, 2022

[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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