



# COSO ERM GOVERNANCE REVIEW

May 2020

**CENTRAL  
FLORIDA  
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# EXECUTIVE SUMMARY



## Overview

### Overview

In accordance with the fiscal year 2020 Internal Audit Plan, Internal Audit reviewed the Central Florida Expressway Authority's (CFX) governance procedures and internal controls leveraging two frameworks, the COSO 2013 Internal Control Framework and the COSO 2017 ERM Framework, as leading practice guidelines.

Internal Audit last performed a review of the governance structure and related internal controls at CFX during fiscal year 2015. The review was performed using only the COSO 2013 Internal Control Framework as leading practice guidelines. The COSO 2013 Framework is one of the most widely used internal control frameworks in the world and contains leading practice guidance for establishing effective governance procedures and internal controls. The 2013 COSO Framework outlines 17 principles and provides 77 supporting points of focus within each of the five foundational components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring activities.

In September 2017, COSO released an updated version of the Enterprise Risk Management - Integrated Framework that was first published in 2004 to enhance an organization's ability to manage uncertainty and to consider how much risk to accept as it strives to increase value. The updated COSO ERM Framework recognizes the importance of strategy and entity performance, further delineates enterprise risk management from internal control, and provides definitions and principles for all levels of management involved in designing, implementing, and conducting enterprise risk management practices. The principles are organized within each of the five interrelated Framework components: Governance and Culture, Strategy and Objective-Setting, Performance, Review and Revision, and Information, Communication, and Reporting.

### Objectives

The objectives of this audit were to leverage the COSO 2013 Internal Control Framework and the COSO ERM Framework as benchmarks to evaluate the current state governance structure at CFX and provide recommendations to enhance CFX's overall governance structure.

# EXECUTIVE SUMMARY



## Project Scope and Approach

This review was performed using a four-phased approach as outlined below:

### Phase I – Documentation of Current State Processes

Internal Audit worked with management through interviews and review of existing policies and procedures in order to refresh documentation of CFX's governance processes and internal controls relevant to the 17 Principles and 77 Points of Focus of the COSO 2013 Internal Control Framework. Details regarding the COSO 2013 Internal Control Framework are included in Appendix A.

### Phase II – Review of Key Controls for Design Effectiveness

Internal Audit identified key controls relevant to the COSO 2013 Internal Control Framework and performed an evaluation of design effectiveness. A summary of the procedures performed, results, and observations are provided on the following pages.

### Phase III – Enterprise Risk Management Exploration Sessions

Internal Audit interviewed executive management and reviewed CFX's processes, policies, and procedures related to risk management. Internal Audit further evaluated existing risk management practices against the COSO 2017 ERM Framework to identify opportunities for enhanced risk management in the following core areas: Risk Management Policies, Risk Measurement, Roles and Responsibilities, Data, and Monitoring.

### Phase IV – Benchmark Against Frameworks and Develop Recommendations

Using the knowledge gathered in the previous phases and the principles contained in the COSO 2013 Internal Control Framework and COSO 2017 ERM Framework as leading practice guidance, Internal Audit developed recommendations and opportunities for CFX to consider to enhance its overall governance infrastructure and risk management procedures.

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