



PROCUREMENT AND CONTRACT BILLING AUDIT

March 2020

**CENTRAL
FLORIDA
EXPRESSWAY
AUTHORITY**

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EXECUTIVE SUMMARY



Overview

Overview

In accordance with the fiscal year 2020 Internal Audit Plan, Internal Audit reviewed two Central Florida Expressway Authority (“CFX”) contracts with a combined contract value exceeding \$145.6 million from a population of large, currently active engineering, service, maintenance, operations, and construction projects. The Procurement and Contract Billing Audit is performed by Internal Audit annually. This audit was last completed during November 2018 as part of the fiscal year 2019 Internal Audit Plan 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 CFX management and performing a risk analysis based on contract size, duration, terms and conditions, and nature of the work performed. The following contracts were selected for review and approved by the Audit Committee prior to audit:

- 1. Egis Projects, Inc. (#001105)** – Contract for E-PASS and Violation Enforcement Operations. This contract began in August 2015 and has a current contract value of approximately \$54 million. As taken from Eden, CFX’s accounting system, total expenditures to date at the time of this audit were approximately \$36 million. This contract was selected due to recent challenges highlighted by CFX management specific to the accuracy of invoices. This contract has not been audited previously.
- 2. Transcore, Inc. (#000178)** – Contract for maintenance of toll system hardware. This contract began in July 2004 and has a current contract value of approximately \$91 million. As taken from Eden, total expenditures to date at the time of this audit were approximately \$80 million. This contract was selected due to the complexity of invoices and number of personnel involved in invoice review. This contract was audited in 2011.

EXECUTIVE SUMMARY



Project Scope and Approach (Continued)

Phase II – Processes and Controls Review

Internal Audit performed audit 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.

In October 2019, Internal Audit completed a review of open recommendations issued as part of the prior fiscal year 2019 Procurement and Contract Billing Audit and verified that all have been incorporated into practice and policy by CFX staff. The audit recommendations issued during prior year audits were also incorporated for review as part of the Fiscal Year 2020 Procurement and Contract Billing Audit in order to verify that prior years' findings were resolved and are not prevalent in the contracts selected for testing for this audit.

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
Egis Projects, Inc.	\$54,257,637	\$36,260,730	\$10,888,752	20%
Transcore, Inc.	\$91,329,329	\$80,113,029	\$15,347,357	17%

[1] As of December 27, 2019

[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 comment and for issuance to the CFX Audit Committee.

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