

# CENTRAL FLORIDA EXPRESSWAY AUTHORITY

**AGENDA**  
**AUDIT COMMITTEE MEETING**  
June 22, 2023  
10:00 a.m.

**Meeting location: Central Florida Expressway Authority**  
**4974 ORL Tower Road**  
**Orlando, FL 32807**  
**Pelican Conference Room**

**A. CALL TO ORDER**

**B. PUBLIC COMMENT**

Pursuant to Section 286.0114, Florida Statutes and CFX Rule 1-1.011, the Audit Committee provides for an opportunity for public comment at the beginning of each regular meeting. The Public may address the Committee on any matter of public interest under the Committee's authority and jurisdiction, regardless of whether the matter is on the Committee's agenda but excluding pending procurement issues. Public Comment speakers that are present and have submitted their completed Public Comment form to the Recording Secretary at least 5 minutes prior to the scheduled start of the meeting will be called to speak. Each speaker shall be limited to 3 minutes. Any member of the public may also submit written comments which, if received during regular business hours at least 48 hours in advance of the meeting, will be included as part of the record and distributed to the Committee members in advance of the meeting.

**C. APPROVAL OF MAY 3, 2023 AUDIT COMMITTEE MEETING MINUTES (action item)**

**D. AGENDA ITEMS**

1. **STATUS UPDATE: FISCAL 2023 INTERNAL AUDIT PLAN** – *Jeff Tecau, Managing Director, Protiviti (info item)*
2. **REVIEW AND ACCEPTANCE OF TOLL REVENUE AUDIT** – *Graham Wigle, Manager, Protiviti and Landon Willey, Senior Consultant, Protiviti (action item)*
3. **REVIEW AND ACCEPTANCE OF FISCAL 2024 INTERNAL AUDIT PLAN AND CHARTER** – *Jeff Tecau, Managing Director, Protiviti (action item)*
4. **ANNUAL MANAGEMENT REVIEW OF INTERNAL CONTROL MATTERS** – (info items)
  - a. Effectiveness of the Internal Control System, Including IT Security and Control – *Lisa Lumbard, Chief Financial Officer*
  - b. Process for Assessing, Monitoring and Controlling Significant Risks – *Lisa Lumbard, Chief Financial Officer*
  - c. System for Monitoring Compliance with Laws and Regulations and Results of Investigation of any Instances of Non-Compliance – *Diego “Woody” Rodriguez, General Counsel*
  - d. Adequacy, Administration and Compliance with the Authority’s Code of Ethics – *Diego “Woody” Rodriguez, General Counsel*
  - e. Procedures for “Hotline” Reporting – *Diego “Woody” Rodriguez, General Counsel*

**(CONTINUED ON PAGE 2)**

5. **ANNUAL DISCUSSION REGARDING INTERNAL AUDITOR PERFORMANCE AND EFFECTIVENESS** – *Ray Walls, Audit Committee Chair* (info item)
6. **CONFIRMATION OF COMPLETION OF RESPONSIBILITIES IN THE AUDIT COMMITTEE CHARTER** – *Jeff Tecau, Managing Director, Protiviti* (info item)

**E. OTHER BUSINESS**

**F. ADJOURNMENT**

This meeting is open to the public.

*Section 286.0105, Florida Statutes states that if a person decides to appeal any decision made by a board, agency, or commission with respect to any matter considered at a meeting or hearing, they will need a record of the proceedings, and that, for such purpose, they may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.*

*Persons who require translation services, which are provided at no cost, should contact CFX at (407) 690-5000 x5316 or by email at [Iranetta.Dennis@cfxway.com](mailto:Iranetta.Dennis@cfxway.com) at least three (3) business days prior to the event.*

*In accordance with the Americans with Disabilities Act (ADA), if any person with a disability as defined by the ADA needs special accommodations to participate in this proceeding, then they should contact the Central Florida Expressway Authority at (407) 690-5000 no later than two (2) business days prior to the proceeding.*

**C.**  
**APPROVAL OF**  
**MAY 3, 2023**  
**AUDIT COMMITTEE**  
**MEETING MINUTES**

# CENTRAL FLORIDA EXPRESSWAY AUTHORITY

MINUTES  
CENTRAL FLORIDA EXPRESSWAY AUTHORITY  
AUDIT COMMITTEE MEETING  
May 03, 2023

Location: Central Florida Expressway Authority  
4974 ORL Tower Road  
Orlando, FL 32807  
Pelican Conference Room

Committee Members Present:

Ray Walls, Orange County Representative, Chairman  
Lorie Bailey Brown, Seminole County Representative  
Kristy Mullane, Lake County Representative  
Jamie Rowland, Osceola County Representative  
Kathy Wall, Brevard County Representative

Committee Member Not Present:

Michelle McCrimmon, City of Orlando Representative

Staff Also Present:

Michelle Maikisch, Executive Director  
Lisa Lumbar, Chief Financial Officer  
Diego "Woody" Rodriguez, General Counsel  
Rita Moore, Recording Secretary/ Executive Administrative Coordinator  
Aneth Williams, Director of Procurement  
Sue Chrzan, Chief of Staff/Public Affairs Officer

**A. CALL TO ORDER**

The meeting was called to order at approximately 10:00 a.m. by Chairman Walls.

**B. PUBLIC COMMENT**

There was no public comment.

**C. APPROVAL OF THE JANUARY 25, 2023 MINUTES**

**A motion was made by Ms. Wall and seconded by Ms. Rowland to approve the January 25, 2023 minutes as presented. The motion carried unanimously with five (5) members present voting AYE by voice vote. Ms. McCrimmon was not present.**

**D. AGENDA ITEMS**

**1. STATUS UPDATE: FISCAL 2023 INTERNAL AUDIT PLAN**

Mr. Jeff Tecau of Protiviti presented the Status Update: Fiscal 2023 Internal Audit Plan.

(This item was presented for information only. No committee action was taken.)

**2. 2023 PRIOR AUDIT RECOMMENDATIONS: SEMI-ANNUAL FOLLOW-UP**

Mr. Jeff Tecau of Protiviti presented the 2023 Prior Audit Recommendations: Semi-Annual Follow Up.

Committee Members asked questions which were answered by Mr. Diego “Woody” Rodriguez, Ms. Lisa Lombard, and Ms. Aneth Williams.

(This item was presented for information only. No committee action was taken.)

**3. REVIEW AND ACCEPTANCE OF RANSOMWARE SIMULATION**

Mr. Chris Porter of Protiviti presented the Ransomware Simulation.

**A motion was made by Ms. Mullane and seconded by Ms. Bailey Brown to accept the Ransomware simulation as presented. The motion carried unanimously with five (5) members present voting AYE by voice vote. Ms. McCrimmon was not present.**

4. **REVIEW AND ACCEPTANCE OF ACCOUNTING CONTROLS, SYSTEM ACCESS, AND SEGREGATION OF DUTIES**

Mr. Graham Wigle of Protiviti presented the Accounting Controls, System Access, and Segregation of Duties.

Committee members asked questions which were answered by Mr. Tecau and Ms. Lisa Lombard.

**A motion was made by Ms. Rowland and seconded by Ms. Mullane to accept the Accounting Controls, System Access, and Segregation of Duties as presented. The motion carried unanimously with five (5) members present voting AYE by voice vote. Ms. McCrimmon was not present.**

5. **REVIEW AND ACCEPTANCE OF SUSTAINABILITY ASSESSMENT**

Mr. Graham Wigle of Protiviti presented the Sustainability Assessment.

Committee members asked questions which were answered by Ms. Michelle Maikisch and Mr. Jeff Tecau.

**A motion was made by Ms. Wall and seconded by Ms. Mullane to accept the Sustainability Assessment as presented. The motion carried unanimously with five (5) members present voting AYE by voice vote. Ms. McCrimmon was not present.**

6. **REVIEW AND ACCEPTANCE OF FRAUD RISK ASSESSMENT**

Mr. Graham Wigle of Protiviti presented the Fraud Risk Assessment.

Committee members asked questions which were answered by Mr. Graham Wigle.

**A motion was made by Ms. Bailey Brown and seconded by Ms. Wall to accept the Fraud Risk Assessment as presented. The motion carried unanimously with five (5) members present voting AYE by voice vote. Ms. McCrimmon was not present.**

**7. INTERNAL AUDITOR SELECTION**

Ms. Lisa Lumbard explained the internal auditor selection process.

**A motion was made by Ms. Wall and seconded by Ms. Mullane to accept the Internal Auditor selection as presented. The motion carried unanimously with five (5) members present voting AYE by voice vote. Ms. McCrimmon was not present.**

**E. OTHER BUSINESS**

No other business.

**F. ADJOURNMENT**

Chairman Walls adjourned the meeting at approximately 10:57 a.m.

Minutes approved on \_\_\_\_\_.

*Pursuant to the Florida Public Records Law and CFX Records Management Policy, audio tapes of all Board and applicable Committee meetings are maintained and available upon request to the Records Management Liaison Officer at [publicrecords@CFXway.com](mailto:publicrecords@CFXway.com) or 4974 ORL Tower Road, Orlando, FL 32807.*

**D.1**

**STATUS UPDATE:**

**FISCAL 2023**

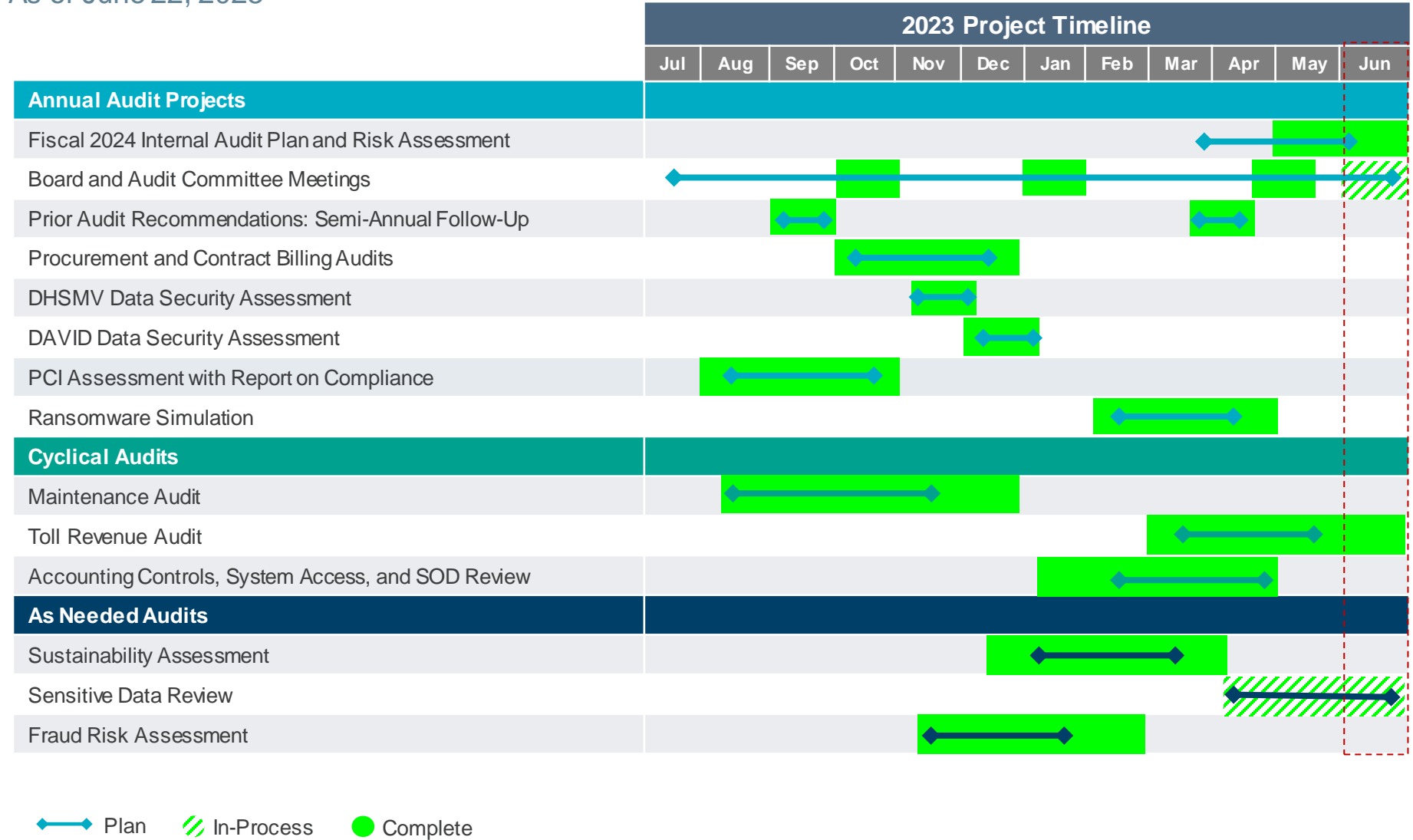
**INTERNAL AUDIT**

**PLAN**



# INTERNAL AUDIT STATUS

As of June 22, 2023



**D.2**

**REVIEW AND  
ACCEPTANCE OF  
TOLL REVENUE AUDIT**



# 2023 TOLL REVENUE AUDIT

June 2023

**CENTRAL  
FLORIDA  
EXPRESSWAY  
AUTHORITY**

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# EXECUTIVE SUMMARY

## Overview

The Central Florida Expressway Authority (“CFX”) currently owns and operates a total of 125 centerline miles of roadway, 116 of which are within Orange County. The roadways include 33 centerline miles on SR 417 (Central Florida GreeneWay), 30 centerline miles on SR 429 (Daniel Webster Western Beltway), 23 centerline miles on SR 528 (Martin B. Andersen Beachline Expressway), 22 centerline miles on SR 408 (Spessard L. Holland East-West Expressway), seven centerline miles on SR 538 (Poinciana Parkway), six centerline miles on SR 414 (John Land Apopka Expressway), two centerline miles on SR 451, and two centerline miles on SR 453.

In accordance with the 2023 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 the fiscal year ended June 30, 2022, totaled approximately \$471.2 million for E-PASS (76.75%), \$120 million for Pay By Plate (19.54%), and \$22.7 million for cash (3.70%). Toll revenue collections year-to-date as of December 31, 2022 totaled approximately \$226.4 million for E-PASS (76.28%), \$62.4 million for Pay By Plate (21.01%), and \$8 million for cash (2.71%) for a combined total of \$910.7 million in toll revenue within the 18-month period subject to audit.

### **Cash Toll Collections**

The CFX system includes manned lane terminals (MLT) and Automatic Coin Machines (ACM) lanes at most mainline plazas. CFX has converted selected manned lanes into Reload lanes, which enable customers to purchase transponders or reload E-PASS accounts in the roadway. 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 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 2015 as a five (5) year contract with five (5) renewal options of one (1) year each.

# 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. Accounts may be reloaded online via credit or debit card or in-person via one of CFX's two walk-in customer service centers or one via a Reload Lanes which provide in-lane drive-up customer service. 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. 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 third-party contractor has performed these functions for CFX since September 2020.

#### 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, at certain tax collector offices throughout the state of Florida, or through a Touch-n-Buy kiosk, located throughout the state in check-cashing stores, local grocery stores, and gas stations.

Pay By Plate invoice payments are due within 30 days to avoid toll violations and fines. After 30 days have passed without payment, the registered owner of the vehicle is sent a final notice letter requesting payment within 15 days. For in-state customers which remain delinquent following the 15-day grace period, CFX works with the Florida Department of Highway Safety and Motor Vehicles (DHSMV) to issue registration holds as a means of collection. Upon payment of delinquent invoices, the DHSMV is notified to release these holds.

# EXECUTIVE SUMMARY

## Overview

### Infinity System Implementation

CFX has completed an \$85 million project with a third-party contractor for the design, installation, and maintenance of an innovative electronic toll collection system for over 300 toll lanes. The system, Infinity Digital Lane System, supports improved accuracy, reliability and automation of electronic and Pay By Plate tolling operations.

This technology 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 that worked with CFX on the design and installation 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.

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.
- **Infinity Digital Lane System** – Infinity is the electronic tolling system implemented across CFX's network of plazas and ramp gantries.
- **Q-Free Image Review Software** – Q-Free is a component of the Infinity system, which captures images of vehicles passing through Pay By Plate toll lanes.

# 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 related to electronic revenue (including transponder and pay-by-plate), collection, and monitoring,
2. Processes and physical safeguarding controls around cash collection (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 the Volume Savings Program,
5. Reconciliation controls to monitor revenue related to interoperability agreements,
6. Processes and controls related to registration holds, and
7. IT general controls (specifically, access rights and backup processes) 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 covered 18 months, from July 1, 2021, through December 31, 2022.

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.



# EXECUTIVE SUMMARY



## Summary of Procedures Performed and Results

Internal Audit reviewed the revenue capture processes, supporting technology, and key controls identified within the electronic tolling and cash collection processes for the period of July 1, 2021, through December 31, 2022.

Internal Audit reviewed and evaluated 54 internal controls specific to electronic toll collections, cash toll collections, and the relevant IT supporting systems as part of this audit and as outlined in the table below.

Area	Primary Entity	# of Controls Tested	Number of Observations	Observation Reference	Relative Priority
Toll Operations and IT	CFX	7	1	1	Low
E-PASS	Third-Party	17	1	2	Low
Accounting	CFX	12	-	-	
Pay By Plate and Image Review	Third-Party	3	-	-	
Toll Plaza Operations	Third-Party	15	-	-	
TOTALS:		54	2	-	

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**D.3**

**REVIEW AND  
ACCEPTANCE OF FISCAL  
2024 INTERNAL AUDIT  
PLAN AND CHARTER**

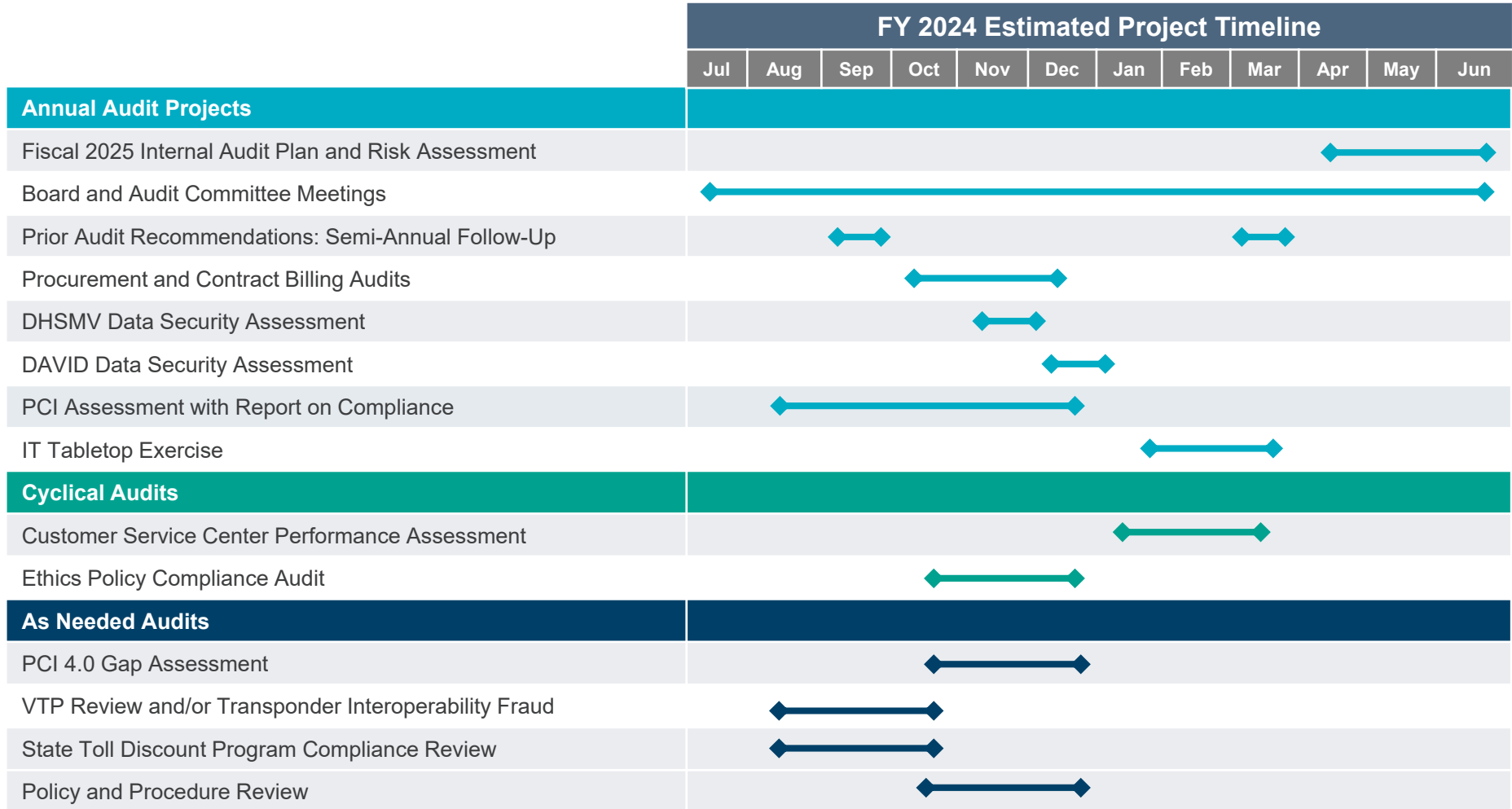


# CENTRAL FLORIDA EXPRESSWAY AUTHORITY

## Internal Audit Plan

For the Fiscal Year Ending June 30, 2024

# INTERNAL AUDIT TIMELINE



# APPENDIX C INTERNAL AUDIT CHARTER

# INTERNAL AUDIT CHARTER

## Central Florida Expressway Authority Fiscal 2024 Internal Audit Department Charter

### Mission and Purpose

The mission of internal audit is to provide CFX's Board with independent, objective assurance and consulting services designed to add value, improve CFX's operations, and enhance transparency. The purpose of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight into whether CFX resources are responsibly and effectively managed to achieve intended results. Internal audit helps CFX accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

### Standards and Professionalism

Internal audit will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, internal audit will adhere to CFX's relevant policies and procedures and internal audit's standard operating procedures manual. Internal audit will report periodically to senior management and the Audit Committee regarding internal audit's conformance to the Code of Ethics and the Standards.

### Authority

Internal audit is selected by the CFX Board, and reports to the Board through the Audit Committee. The role of internal audit may be filled by an outside firm that provides internal audit services to CFX on an outsourced basis. For administrative purposes, internal audit reports to the Chief Financial Officer. To establish, maintain, and assure that internal audit has sufficient authority to fulfill its duties, the Audit Committee will:

# INTERNAL AUDIT CHARTER

## Authority (continued)

- Approve the internal audit charter.
- Approve the risk-based audit plan.
- Approve the internal audit budget and resource plan.
- Receive communications on internal audit's performance relative to its plan and other matters.
- Make appropriate inquiries of management and internal audit to determine whether there is inappropriate scope or resource limitations.

Everything CFX does is subject to assessment by internal audit. The Board authorizes internal audit to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subject, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized service from within or outside the organization, as approved by the Audit Committee.

## Internal Audit Plan

At least annually, internal audit will submit to senior management and the Board an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal/calendar year. Internal audit will communicate the impact of resource limitations and significant interim changes to senior management and the Audit Committee.

The internal audit plan will be developed based on a prioritization of audit universe using a risk-based methodology, including input of senior management and the Board. Internal audit will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant interim changes from the approved internal audit plan will be communicated to senior management and the Audit Committee through periodic activity reports.



# INTERNAL AUDIT CHARTER

## Independence and Objectivity

Internal audit will remain free of all conditions that threaten the ability of internal audit to carry out its responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If it is determined that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal audit will maintain an unbiased mental attitude that allows it to perform engagements objectively and in such a manner that it believes in the work product, that no quality compromises were made, and that internal audit does not subordinate its judgment on audit matters to others.

To ensure independence, internal audit has no direct responsibility or any authority over any of the activities or operations of CFX. Accordingly, internal audit will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal audit's judgment, including:

- Assessing specific operations for which internal audit had responsibility within the previous year.
- Performing any operational duties for the CFX or its affiliates.
- Initiating or approving transactions external to internal audit.
- Directing the activities of any CFX employee not employed by internal audit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal audit.

Internal audit will disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties. Internal audit will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal audit will make a balanced assessment of all the relevant circumstances and take necessary precautions to avoid being unduly influenced by its own interests or by others in forming judgments.

Internal audit will confirm to the Audit Committee, at least annually, the organizational independence of internal audit. Internal audit will disclose to the Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

# INTERNAL AUDIT CHARTER

## Scope

Management is responsible for establishing and maintaining risk management, control, and governance processes. The scope of work of internal audit encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for CFX. Internal audit assessments include determining whether management's processes are adequate and functioning in a manner to ensure:

- Risks relating to the achievement of CFX's strategic objectives are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information and the means used to identify, measure, analyze, classify, and report such information are relevant, reliable and understandable.
- Employee, officer, director, and contractor actions comply with policies, standards, procedures, and applicable laws, regulations, and governance standards.
- Resources and assets are acquired economically, used efficiently, and adequately protected.
- Results of programs, plans, and operations consistent with established goals and objectives are achieved.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact CFX.
- Quality and continuous improvement are fostered in control processes.
- Significant legislative or regulatory issues are recognized and addressed properly.
- Means of safeguarding assets are adequate and, as appropriate, existence of such assets can be verified.
- Organization's risk management processes are effective.
- Quality of performance of external auditors and the degree of coordination with internal audit are appropriate.
- Specific operations are evaluated at the request of the Board or management, as appropriate.

Internal audit also considers relying upon the work of other internal and external assurance and consulting service providers as needed. Internal audit may perform advisory and related client service activities, the nature and scope of which will be agreed with CFX, provided internal audit does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

# INTERNAL AUDIT CHARTER

## Responsibility

Internal audit's responsibility includes, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

- Ensuring each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Ensuring the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensuring internal audit collectively possesses or obtain the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Ensuring trends and emerging issues that could impact CFX are considered and communicated to senior management and the Audit Committee as appropriate.
- Ensuring emerging trends and successful practices in internal auditing are considered.
- Establishing and ensuring adherence to policies and procedures designed to guide internal audit.
- Ensuring adherence to CFX's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Board.
- Ensuring conformance of internal audit with the IIA Standards, with the following qualifications:
  - If internal audit is prohibited by law or regulation from conformance with certain parts of the Standards, internal audit will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
  - If the Standards are used in conjunction with requirements issued by other authoritative bodies, internal audit will ensure conformance with the Standards, even if internal audit also conforms with the more restrictive requirements of other authoritative bodies.

# INTERNAL AUDIT CHARTER

## Reporting and Monitoring

A written report will be prepared and issued by internal audit following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Audit Committee.

Internal audit reports may include management's response and corrective action taken or to be taken regarding the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e., within thirty days) by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

Internal audit will be responsible for appropriate follow-up on engagement findings and recommendations and reporting periodically to senior management and the Audit Committee any corrective actions not effectively implemented. All significant findings will remain in an open issues file until cleared.

Internal audit will periodically report to senior management and the Audit Committee on internal audit's purpose, authority, and responsibility, as well as performance relative to its plan and conformance with the IIA's Code of Ethics. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Audit Committee. Results of audit engagements and other activities, resource requirements, and any response to risk by management that may be unacceptable to CFX will be communicated periodically to the Audit Committee.

## Quality Assurance and Improvement Program

Internal audit will maintain an internal quality assurance and improvement program. The program will include an evaluation of internal audit's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of internal audit and identifies opportunities for improvement.

Internal audit will communicate to senior management and the Audit Committee on internal audit's quality assurance and improvement program, including results of any internal assessments when they are completed.

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**D.4**  
**ANNUAL**  
**MANAGEMENT**  
**REVIEW OF INTERNAL**  
**CONTROL MATTERS**

**THERE ARE  
NO BACKUP  
MATERIALS FOR  
THIS ITEM**

**D.5**  
**ANNUAL DISCUSSION**  
**REGARDING**  
**INTERNAL AUDITOR**  
**PERFORMANCE AND**  
**EFFECTIVENESS**



**THERE ARE  
NO BACKUP  
MATERIALS FOR  
THIS ITEM**

**D.6**

**CONFIRMATION OF  
COMPLETION OF  
RESPONSIBILITIES IN  
THE AUDIT COMMITTEE  
CHARTER**

**Central Florida Expressway**

**Audit Committee Charter Responsibilities Matrix - Fiscal Year 2023**

**For Audit Committee as of June 22, 2023**

(Last AC Charter revision May 12, 2022)

**Financial Reporting Oversight**

**Review with Management and the External Auditors:**

<b>Number</b>	<b>Responsibility</b>	<b>Completion Date</b>
1a	The annual financial statement and related footnotes	<b>Oct-22</b>
1b	The external auditors' audit of the financial statements and their report	<b>Oct-22</b>
1c	Managements' representations and responsibilities for the financial statements	<b>Oct-22</b>
1d	Any significant changes required in the audit plan	<b>Oct-22</b>
1e	Information from the external auditors regarding their independence	<b>Oct-22</b>
1f	Any difficulties or disputes with Management encountered during the audit	<b>Oct-22</b>
1g	The organization's accounting principles	<b>Oct-22</b>
1h	All matters required to be communicated to the Committee under generally accepted auditing standards	<b>Oct-22</b>
2	Review with Management, the CFX's financial performance on a regular basis	<b>Oct-22</b>

**Internal Control and Risk Assessment**

3	Review with Management the effectiveness of the internal control system, including information technology security and control	<b>Jun-23</b>
4	Review with Management the effectiveness of the process for assessing significant risks or exposures and the steps Management has taken to monitor and control such risks	<b>Jun-23</b>

5	Review any significant findings and recommendations of the Internal Auditor and external auditors together with Management's responses, including the timetable for implementation of recommendations to correct any weaknesses	<b>External Auditors - Oct 26, 2022. Internal auditors - various</b>
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#### Compliance

6	Review with Management the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance	<b>Jun-23</b>
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#### Code of Ethics

7	Review with Management and monitor adequacy, administration, and, compliance with the CFX's Code of Ethics	<b>Jun-23</b>
8	Review the procedures for the anonymous and confidential submission of complaints and concerns regarding matters such as accounting, internal controls, auditing, waste, abuse, fraud, conflicts of interest, or other Code of Ethics violations	<b>Jun-23</b>

#### Internal Audit

9	Recommend to the Board the appointment or removal of the Internal Audit Director	<b>As Needed</b>
10	Review and approve the annual internal audit plan and all major changes to the plan	<b>Jun-23</b>
11	Review the internal audit budget and submit to the Finance Committee	<b>Jan-23</b>
12	Review and approve the Internal Audit Department Charter	<b>Jun-23</b>
13	Review internal audit reports and recommend transmittal and acceptance of the audit for filing with the governing Board which shall be accomplished by separate item on the Consent Agenda at a regularly scheduled meeting	<b>Various</b>
14	Review annually the performance of the Internal Audit Director	<b>Jun-23</b>
15	Review annually the effectiveness of the internal audit function	<b>Jun-23</b>

#### External Audit

16	Appoint an Audit Committee Member to serve on the Selection Committee for all external audit services	<b>As Needed</b>
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17	Recommend to the CFX Board the external auditors to be appointed and the related compensation	<b>As Needed</b>
18	Review and approve the discharge of the external auditors	<b>As Needed</b>
19	Review the scope and approach of the annual audit with the external auditors	<b>Oct-22</b>
20	Approve all non-audit services provided by the external auditors	<b>As Needed</b>

#### **Other Authority and Responsibilities**

21	Conduct other activities as requested by the CFX Board	<b>As Needed</b>
22	Conduct or authorize investigations into any matter within the Committee's scope of responsibilities	<b>As Needed</b>
23	Address any disagreements between Management and the Internal Auditor or external auditors	<b>As Needed</b>
24	Annually evaluate the Committee's responsibilities as outlined in this Charter and make recommendations, as needed.	<b>Jan-23</b>
25	Confirm annually that all responsibilities outlined in this Charter have been carried out	<b>Jun-23</b>

#### **Audit Committee Composition and Chairman Selection**

26	The Audit Committee shall be composed of six voting members from Orange County, the City of Orlando, Lake County, Osceola County, Seminole County, and Brevard County and up to three (3) citizen representatives with appointment terms of 2 years.	<b>As Needed</b>
27	The Audit Committee will be chaired on an annual, rotating basis beginning on September 1, 2017 in the following order: Seminole County Representative Osceola County Representative One of the Citizen Representatives Lake County Representative City of Orlando Representative Brevard County Representative - 2021/22 Orange County Representative - 2022/23	<b>Oct-22</b>