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December 7, 2018

Erik R. Fenniman, Interim Secretary
Florida Department of Transportation
Florida Turnpike System
Tallahassee, Florida

In planning and performing our audit of the financial statements of the Florida Turnpike System (the System), an enterprise fund of the Florida Department of Transportation, which is an agency of the State of Florida, as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Included in Attachment A are descriptions of the identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses for the year ended June 30, 2018.

This report is intended solely for the information and use of the Secretary of Transportation and the management of the System and is not intended to be, and should not be, used by anyone other than these specified parties.

RSM US LLP

Orlando, Florida

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Attachment A

Based on our understanding , we have the following observations with regards to the Florida Department of Transportation's (FDOT) service organization vendor's control environment over the processing of SunPass and Toll-By-Plate transactions and customer payments as it relates to the reporting of Turnpike System (the System) revenue.

Service Organization (FDOT vendor):

- Controls (financial and IT) are not formalized – control processes are not documented and evidence of control performance is not consistently maintained.
- Controls around the production of financial reports and reconciliation processes, performed by the service organization, are not completed timely – posting of transaction data files, posting of journal entries, bank reconciliations, and daily and monthly reconciliations of ledger accounts are not performed timely. As a result, System's management cannot perform monitoring controls prior to the close of its financial reporting periods. Service organization reported balances may be incomplete or inaccurate.
- There is high reliance on manual reconciliation processes as opposed to automated systemically enforced controls, making the data more susceptible to manual overrides and unauthorized changes.
- Variances identified through reconciliations performed by the service organization are not consistently investigated and resolved in a timely manner.
- The service organization has not yet planned for an independent auditor's assessment covering controls around the Vector and Oracle Financial (OFA) applications.
 - As the external auditor of the financial statements, in order to rely on controls (Financial and IT) of the service organization, we obtain an independent auditor's assessment over the controls performed by the service organization's personnel. This report must document the controls in place, provide an assessment of the design and implementation of those controls, and provide an assessment of the operating effectiveness of those controls.
 - The scope of the independent auditor's assessment must include Information Technology General Controls (ITGCs) over the Vector and OFA applications, as applicable to the application, database, operating system, and network layers. Areas to be included under ITGCs, at a minimum, should include:
 - Changes to system programming and configurations are to be documented, approved, and tested in an environment that is separate from the production environment.
 - Access to migrate changes to the production environment is appropriately segregated and restricted.
 - Logical access is appropriately restricted and adequately considers proper segregation of duties.
 - Logical access is periodically reviewed.
 - Access provisioning for new users and changes to user access is appropriately documented and approved.
 - Access de-provisioning is performed timely.
 - Backups are performed and tested periodically.
 - Data transmissions are monitored and job-processing errors are investigated and resolved timely.

Attachment A

The Vector and OFA applications were only in place for a small portion of the System's fiscal year ended June 30, 2018. Due to the short period of time these applications were operating, we determined that the conditions noted above did not have a significant impact on the 2018 financial statements. However, if these conditions are not addressed and corrected during the fiscal year ended 2019, we believe the impact to financial statements may be significant.

We recommend that FDOT and System management work with this service organization to formalize the control activities and documentation surrounding the processing of toll transactions and customer payments. Policies should be established to require the timely performance of reconciliations as well as for the timely investigation and resolution of variances identified in the reconciliation process. The service organization's control framework should include documentation that controls are functioning properly to allow System management to perform monitoring controls.