



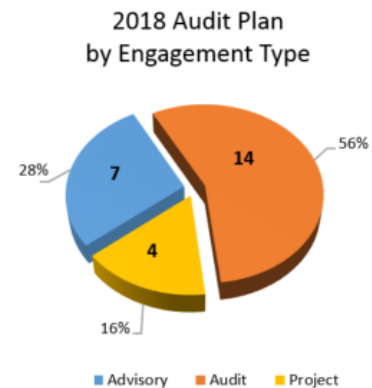
Assurance Dashboard June 19, 2018

Internal Audit Update

Overview of Audit Plan and Plan Changes

The OIA continually follows development of risk and monitors delivery of projects listed in the Audit Plan. As we reassess our understanding of risk within the organization and consider operational challenges, we re-examine our plan, thereby confirming that it continues to provide the expected assurance and that audit resources remain appropriately focused. We plan for a broad coverage and appropriate balance between assurance and advisory engagements which will add value.

2018 Audit Plan	
2017 Carry Over	9
2018 Audit Plan	27
Added	4
Completed	14
Draft Issued	0
In Progress	9
Cancelled/Combined	6
Total Remaining	11



Since the previous meeting, we assessed the overall plan coverage for 2018 to remain adequate and opted to add two engagements to the plan, cancel four engagements and combine one engagement.

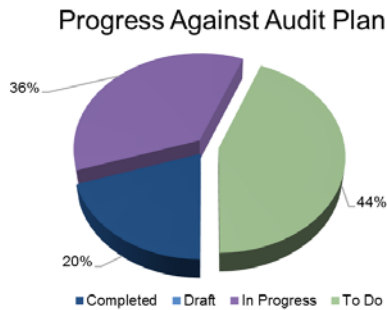
Changes to Audit Plan			
Engagement	Type	Status	Comments
VMO-Responsible Vendor Review (RVR)	Advisory	Added	Management request OIA provide advisory services related to leading practices used to perform responsible vendor reviews.
Centerpoint Access (HCM-Payroll)	Audit	Added	This engagement was added to ensure privileged roles are appropriately restricted and confidential data is secured.
Automated Underwriting	Audit	Cancelled	Modifications to automated underwriting rules will not be completed until 2019.
IT Infrastructure Management	Audit	Cancelled	ICF work scheduled for later in 2018 will document processes and define key controls. The audit will be rescheduled subsequent to this work being completed.
Strategic Workforce Planning	Advisory	Cancelled	HR Management has decided to utilize one of their consultants which has specific expertise in Strategic Workforce Planning.
Unclaimed Property Operational Process	Advisory	Cancelled	OIA involvement was no longer needed to assist management in achieving their business objectives. Currently, Finance & Accounting is working with our General Counsel and the Florida Department of Financial Services to improve efficiency, while considering compliance requirements.
Voice of the Customer Program	Advisory	Combined	This advisory will be combined with the Claims Managed Repair Program audit.



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Plan Progress

The following graph represents progress to date on the 2018 Audit Plan and represents 25 engagements scheduled for completion in 2018, of which 5 engagements were completed, 9 are in progress and 11 are not yet started.



2018 Plan Progress	
Completed	5
Draft	0
In Progress	9
To Do	11
Total	25

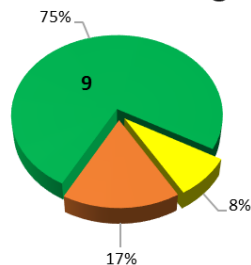
Pending Engagements		
In Progress	Status	
• Alternative Work Arrangements	Audit	Planning
• Annual Legislative Changes	Audit	Planning
• Centerpoint Access (HCM-Payroll)	Audit	Fieldwork
• Investment Management	Audit	Fieldwork
• Social Media	Audit	Fieldwork
• Data Retention	Advisory	Fieldwork
• Financial Ratios Benchmarking	Advisory	Fieldwork
• VMO - Responsible Vendor Review (RVR)	Advisory	Planning
• OIG-18-6 Assistance	Project	Fieldwork
Draft		
None		

Since the last Committee meeting there have been two engagements completed, including one audit and one advisory.

Advisory and Project Status
Tampa Data Center Migration

Audit Engagement	Rating	Key Observations
Vendor Management	●	Processes are well managed with effective internal controls.

YTD Audit Ratings



Control Deficiency Resolution

As of May 31 2018, we are tracking three open observations. Since the last Committee meeting, no new observations were added, and three observations were resolved and closed. Overall, open items receive adequate business focus and implementation of agreed corrective actions are



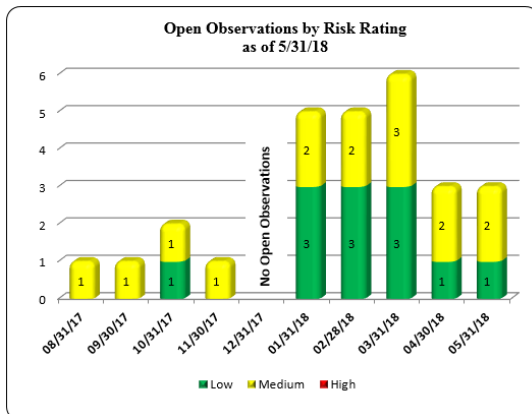
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well managed. There are currently no high rated observations outstanding and no past due action plans.

The following table provides an analysis of Open Audit Observations recorded as of May 31, 2018 compared to the previous five quarters.

2017-2018 Open Observations Metrics						
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Open	4	6	5	1	0	6
New	5	0	0	1	8	0
Closed	3	1	4	2	2	3
Risk Acceptance	0	0	0	0	0	0
Remaining	6	5	1	0	6	3

The following charts provide additional information related to the number of open observations over the previous ten months including the observation ratings, source of observation and year reported of the currently open observations.



Observations by Rating @ 4/30/18			
High	Medium	Low	TOTAL
0	2	1	3

Observations by Audit Year @ 4/30/18			
2016	2017	2018	TOTAL
0	2	1	3

Observation Source @ 4/30/18	
OIA	3
External Auditor	0
Market Conduct - OIR	0
Auditor General	0
TOTAL	3

Client Satisfaction

Client Satisfaction is a 360 measure of how the audit department is engaging its clients and the quality of the services provided. Year to date, the average score on post audit client surveys is 4.4 on a scale of 5.0.

External Quality Assurance Review

In line with the International Professional Practices Framework (IPPF), promulgated by The Institute of Internal Auditors, we contract within a five year cycle period with an external consultant to perform an independent Quality Assurance Review (QAR). In 2014 CliftonLarsonAllen LLP conducted the QAR and rated the compliance with the IPPF as “Generally Conforms” which is the highest possible rating available. All recommendations from this review were considered and implemented.



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Internal Controls Office (ICO) Update

The (ICO) facilitates, enables and monitors the performance of control assessments throughout Citizens. These control assessments are designed to support the roll-out of Citizens’ Internal Control Framework (ICF). This framework is based upon the COSO 2013 framework and leverages the information technology COBIT 5 framework for IT control identification.

There are two primary initiatives led by the ICO. The first is the initial roll-out of the ICF through ICO led process reviews. These reviews are planned, documented and reported by ICO in collaboration with management. The second initiative is the enablement and monitoring of management Control Self-Assessments (CSAs). Annual CSAs are performed by management after ICO process reviews are completed, to ensure ongoing control design and operating effectiveness. The ICO will monitor CSAs through periodic performance of independent reviews.

2nd Quarter 2018 Accomplishments

During the second quarter, the ICO made progress on 6 of the 14 ICF process reviews planned to be completed during 2018 (see “*Projects - Accomplishments and Planned Activities*” for a detailed list of the 6 process reviews). For these reviews, the ICO has completed inherent risk assessment workshops with management and is completing process walkthroughs, documentation and controls evaluation. In addition, the ICO has completed reviews of and is implementing enhancements to the ICO controls software to better enable and monitor management’s annual Control Self-Assessments (CSAs) and related control evaluations.

3rd Quarter 2018 Upcoming Key Activities

During the third quarter, the ICO will kick-off process reviews for an additional 4 process reviews scheduled to be completed during 2018 (see “*Projects - Accomplishments and Planned Activities*” for a detailed list of the 4 process reviews). These process reviews are planned to be completed during the 3rd and 4th quarters of 2018. The ICO will also be working on completing enhancements to the framework and control self-assessment setup in ICO’s internal control software.

2nd Quarter Accomplishments	Upcoming Key Activities
<p><u>Process reviews completed:</u></p> <ul style="list-style-type: none"> • Enterprise Portfolio Management • Enterprise Strategy & Planning Support • Facilities Management • IT Change Management • IT Enterprise Architecture • IT Service Request Management <p><u>Other assignments completed:</u></p> <ul style="list-style-type: none"> • Assess the framework setup in the internal control software and identify enhancements. 	<p><u>Process reviews scheduled:</u></p> <ul style="list-style-type: none"> • Corporate Insurance • IT Application Development • IT Problem Management • Purchasing <p><u>Additional assignments scheduled:</u></p> <ul style="list-style-type: none"> • Complete enhancements to the framework and control self-assessment setup in ICO’s internal control software.

Resource Update

The ICO team has an opening for a Senior Internal Controls Analyst.



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Enterprise Risk Office (ERO) Update

The ERO is focusing on delivering three primary objectives in 2018. The first is to complete a strategic risk assessment to define and document Citizens top operational risks. Secondly the ERO is facilitating and embedding an operational risk assessment and management process throughout the organization and lastly the ERO is in the process of implementing a risk management administration system and will train the functionality to identified business unit champions.

The following picture highlights the three risk management processes deployed within Citizens:



Strategic Risk Management

Following the last Committee meeting the ERO the Executive Leadership Team (ELT) further reviewed and assessed the 16 key strategic risks identified. ERO is working with these Risk Owners to further develop a summary of current and future mitigation activities. It is our objective to complete this assessment and present the top strategic risks to the Audit Committee at the September meeting.

Operational Risk Management

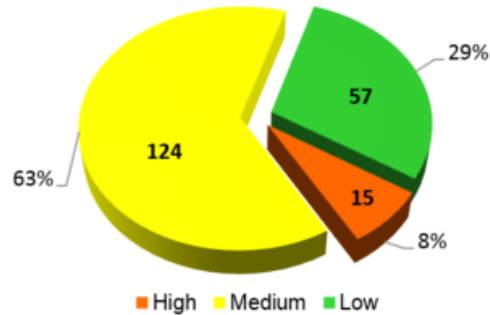
We continue to coordinate operational risk assessments with the roll-out of the Internal Control Framework (ICF). The ICF project has defined 72 functional and operational processes for which we have completed 31 operational risk assessments.



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These risk assessments have resulted in the identification of 169 inherent operational risks of which 10 have been rated as High and a 105 as Medium. These risk assessments are being refreshed as the ICF CSA's are completed.

Operational Risk Assessments
Inherent Risk Rankings



Risk Management System

We are in the process of implementing Citizens SAAS based ERM administrative system. This system will help with rolling out a unified operational risk management process throughout Citizens and provide a vehicle through which business unit management could self-identify, document rank and monitor risks and risk mitigation.

Resource Update

The ERO team has an opening for a Senior Enterprise Risk Analyst.