



Florida Department of TRANSPORTATION

Office of Inspector General
Robert E. Clift, Inspector General

OIG Risk Assessment and Fiscal Year 15/16 Audit Plan

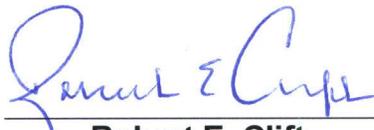
July 1, 2015

EXECUTIVE SUMMARY

We are pleased to present the results of the Office of Inspector General (OIG) annual risk assessment and Audit Plan development efforts. Our Audit Plan is risk-based to provide the most effective coverage of the department's programs, systems, and contracts with outside entities. Our risk analysis is based on input from department senior management and OIG staff. The activities outlined in our Audit Plan address the major operations of the department and optimize the use of our resources.

Additionally, we allocated twenty percent of our audit resources for projects at the request of the Governor's Chief Inspector General. We also retained approximately twenty percent of our time for projects that you or the leadership team may request during the year.

Respectfully Submitted by:


Robert E. Clift
Inspector General

Date:

7/1/2015

Approved by:


Jim Boxold
Secretary

Date:

7/16/15

Office of Inspector General
Florida Department of Transportation

TABLE OF CONTENTS

<u>RISK ASSESSMENT PROCESS</u>	3
<u>SECRETARY PRIORITY: NEW AUDIT TOPICS</u>	4
<u>FISCAL YEAR 15/16 AUDIT PLAN</u>	5
<u>LONG-TERM AUDIT PLAN</u>	8
<u>DISTRIBUTION, PROJECT TEAM, AND STATEMENT OF ACCORDANCE</u>	9

**Office of Inspector General
Florida Department of Transportation**

RISK ASSESSMENT PROCESS

Both Florida Statutes¹ and professional audit standards² require the OIG to develop risk-based annual and long-term audit plans which consider resource requirements and input from senior management. We developed our Audit Plan by following the Institute of Internal Auditors eight-step risk assessment process.

Step 1: We defined our audit universe by using the following 22 key functions as defined in the department business plan.

- | | |
|-----------------------------------|---------------------------------------|
| 1. Intermodal Systems Development | 12. Human Resources |
| 2. Design | 13. Equal Employment Opportunity |
| 3. Right Of Way | 14. Support Services |
| 4. Work Program and Budget | 15. Inspector General |
| 5. Construction | 16. General Counsel |
| 6. Materials | 17. Public Information |
| 7. Maintenance | 18. Procurement Services |
| 8. Safety | 19. Contracts Administration |
| 9. Turnpike Enterprise/Tolls | 20. Disadvantaged Business Enterprise |
| 10. Traffic Operations | 21. Information Systems |
| 11. Performance Management | 22. Comptroller/Financial Services |

Step 2: We conducted 31 interviews with senior management, including Assistant Secretaries and District Secretaries. Those interviewed were asked to identify their major risks, areas of concern and possible audit topics.

Steps 3 through 6: We identified seven risk factors: full-time equivalent positions, budget materiality, confidential/exempt information, degree of change or stability, complexity of operations, performance measures, and procedures. Information was obtained from department systems and management. All risk factors were scored on a scale of 1-10 (1=low risk and 10=high risk). We then applied the average of the seven risk factors, prior audit coverage, Assistant Secretary, and Chief of Staff rankings to the potential audit topics.

Step 7: We presented the potential audit topics to the Secretary who identified his priority audit topics (see table on page 4). We applied the Secretary's rankings to the audit topic listing to determine a final risk ranking.

Step 8: Based on available number of audit staff hours, as well as the Secretary ranking, we placed the auditable topics on our annual Audit Plan.

¹ Subsection 20.055(5)(i), Florida Statutes

² The Institute of Internal Auditor's International Professional Practices Framework Standard 2010.A1

**Office of Inspector General
Florida Department of Transportation**

SECRETARY PRIORITY: NEW AUDIT TOPICS

Secretary Priority: New Audit Topics	
Topic	Description
Method of right-of-way (ROW) parcel acquisition	Acquisition of parcels through negotiation or order of taking was identified by Districts. Currently ROW has a performance measure requiring a minimum of 70% be obtained through negotiation instead of order of taking. We would review this process to determine if the most efficient method of acquisition is being used.
Express lane tolling	The department uses an algorithm to determine express lane tolling prices. We would review the department's implementation of the express lane tolling program for methodology and consistency throughout the state, review the algorithm used (and overridden), as well as review the revenue and how it was expended.
Ethics governance review	Ethical conduct awareness is a top priority for Executive Management. We would review the department's ethics program for compliance with governing directives.
Department servers and hardware	We would review the use of non-SSRC located servers. We would also review OIS processes in the central office and districts to provide assurance that the department is following appropriate server administration, compliance, and best practices.
IT budget expenditures (non-OIS)	We would review and identify budget sources and resource allocations for all non-OIS IT development, support, and maintenance to identify the potential for unknown duplication of services, applications, and hardware.
Orlando International Airport – Intermodal Center	This is a \$213 million commitment which includes a parking garage, public concourse, elevated platforms, people mover, and hub for connectivity to rail projects such as SunRail and All Aboard Florida. We would review the agreement, expenditures, and contractual requirements for compliance.

**Office of Inspector General
Florida Department of Transportation**

FISCAL YEAR 15/16 AUDIT PLAN

The Audit Plan provides broad audit coverage while focusing audit resources on areas with the greatest known risks. We have dedicated resources to provide audit coverage of department contracts with contractors and consultants, as well as agreements associated with seaports, airports, railroads, utility companies, expressway authorities, transit providers, local governments and others.

The Audit Section has 24 dedicated audit positions with the ability to expend a total of 34,383 hours. We allocated 4,470 hours to complete ongoing (carry forward) projects initiated during the 2014/2015 fiscal year. Forty percent of the remaining hours (11,966 hours), after deducting carry forward projects, are dedicated in support of Chief Inspector General and department management requests.

The remaining 17,947 hours are programmed to new projects as outlined below:

- projects which are required by statute (e.g., performance measure assessment);
- recurring management requests (e.g., department and railroad billing rate audits); and
- audit topics identified through our risk assessment process.

Sixty-one (61) projects, comprising the Fiscal Year 15/16 Audit Plan, are listed by department program and functional area on pages 6 and 7. The long-term audit topics, as required to be identified by statute, are listed on page 8.³

³ Although a long-term audit plan is required by statute, the risk assessment process is conducted annually; therefore, the items listed may not be included in future audit plans.

**Office of Inspector General
Florida Department of Transportation**

Secretary		
Functional Area	Topic	Type
General Counsel	Ethics Governance Review	New - Risk Assessment

Engineering and Operations		
Functional Area	Topic	Type
Construction	District 7 - T7213 Hubbard Construction, Inc.	Carry Forward
	Turnpike - Contract E8M63 Sema Construction, Inc.	Carry Forward
Design	District 4 - Contract E4K92 PCL Civil Constructors, Inc.	New - Risk Assessment
	District 5 - Contract E5R16 Condotte/DeMoya JV, LLC	New - Risk Assessment
	Errors and Omissions Process	Carry Forward
Emergency Management Office	Master Agreements Review	Carry Forward
	Utility Certification 14/15	Recurring
FLP: Rail	Utility Reimbursement Rates - FPL	Carry Forward
	Emergency Management Office	Carry Forward
Maintenance	SunRail/Xerox - Ticket Collections	New - Risk Assessment
Right of Way	Asset Maintenance Contracts	Carry Forward
	Maintenance Contracts for Inspection and Desilting	Carry Forward
	Inventory controls (Structure Shop and Sign Shop)	New - Risk Assessment
Safety	Method of Right-of-Way (ROW) Parcel Acquisition	New - Risk Assessment
	Highway Safety Improvement Program	Carry Forward
State Traffic Engineering	Safety Office/Wakulla Co. Sheriff	Carry Forward
	Intelligent Transportation System (ITS) Follow-up-Contracts	Carry Forward
	Intelligent Transportation System (ITS) Follow-up-IT	Carry Forward
	Intelligent Transportation System (ITS) Inventory-D1	New - Risk Assessment
	Intelligent Transportation System (ITS) Inventory-D2	New - Risk Assessment
	Intelligent Transportation System (ITS) Inventory-D4	Carry Forward
	Intelligent Transportation System (ITS) Inventory-D5	New - Risk Assessment
	Intelligent Transportation System (ITS) Inventory-D6	New - Risk Assessment
	Intelligent Transportation System (ITS) Inventory-D7	New - Risk Assessment
	Intelligent Transportation System (ITS) Inventory-TPE	New - Risk Assessment
Turnpike Enterprise	Express Lane Tolling	New - Risk Assessment

**Office of Inspector General
Florida Department of Transportation**

Finance and Administration		
Functional Area	Topic	Type
Comptroller	FDOT Fringe Benefit Rate	Recurring
	FDOT Indirect Rate Monitoring	Recurring
	Purchasing Card	New - Risk Assessment
Information Systems	IT Security (Access Controls)	Carry Forward
	Transportation Finance Lifecycle Development (Work Program/FM2)	New - Risk Assessment
	Department Servers and Hardware	New - Risk Assessment
Procurement	IT Budget Expenditures (non-OIS)	New - Risk Assessment
	Carr Riggs & Ingram (GAI Consultants - Cognizant Review)	Carry Forward
	Carr Riggs & Ingram (GAI Consultants - Cognizant Review)	Recurring
	CEI Lump Sum Contracts: Operating Margins (Negotiations Process)	Carry Forward
	Chuck Ikeji, CPA (JBS Engineering Technical Services, Inc.)	Carry Forward
	Comprehensive Engineering Services, Inc.	New - Risk Assessment
	Faller, Davis & Assoc. (Garcia & Ortiz, PA)	Carry Forward
	HLB Gavier, LLP (Tamayo Engineering, LLC)	Carry Forward
	J.E. Owens & Company (Mehta & Associates, Inc.)	Carry Forward
	Squar, Milner, Peterson, Miranda, & Williamson, LLP (Atkins - Cognizant Review - FY15)	Carry Forward
	Squar, Milner, Peterson, Miranda, & Williamson, LLP (Atkins - Cognizant Review - FY15)	Recurring
	Target Engineering Group, Inc.	New - Risk Assessment
	Warren Averett, LLC (Figg Bridge Engineers, Inc.)	Carry Forward
L.F. Harris & Associates (ICON Consultant Group, Inc.)	New - Risk Assessment	
Cross, Steard & Co., LLC (Protean Design Group, Inc.)	New - Risk Assessment	

Intermodal Systems Development		
Functional Area	Topic	Type
FLP: Airport	Tampa International Airport – Tampa Gateway Center	New - Risk Assessment
	Orlando International Airport - Intermodal Center	New - Risk Assessment
FLP: Rail	CSXT Rate - 2011	Carry Forward
	CSXT Rate – 2013	Recurring
	FEC Rates 2014 Rates	Recurring
FLP: Seaport	JaxPort	New - Risk Assessment
	Port Everglades	Carry Forward
	Port of Miami	New - Risk Assessment
	Port of Tampa	New - Risk Assessment
FLP: Transit	South Florida Regional Transportation Authority	Carry Forward
	SunRail - Maintenance	Carry Forward
	Suwannee Valley Transit Authority - District 2	Carry Forward
State Transportation Development	Performance Measures Assessment 14/15	Recurring

**Office of Inspector General
Florida Department of Transportation**

LONG-TERM AUDIT PLAN

FY 2015-2016 Long-Term Audit Plan
Business Development Initiative (BDI)
Central Office Training to Districts
Charter Services for Transit
Construction Engineering and Inspection (CEI)
Data Confidentiality
Final Invoicing from Partners
Local Agency Programs (LAP)
Maintenance Rating Program (MRP)
Multimodal Centers
Records Management Program
RESPECT and PRIDE as Subcontractors

**Office of Inspector General
Florida Department of Transportation**

DISTRIBUTION, PROJECT TEAM, AND STATEMENT OF ACCORDANCE

Action Official Distribution:

Approved by: Jim Boxold, Secretary

Information Distribution:

Brian Blanchard, P.E., Assistant Secretary for Engineering and Operations
Rachel Cone, Assistant Secretary for Finance and Administration
Richard Biter, Assistant Secretary for Intermodal Systems Development
Mike Dew, Chief of Staff
Melinda M. Miguel, Chief Inspector General, Executive Office of the Governor

Project Team:

Project was conducted by Amy Furney and Charles McCool
Under the supervision of:
Kristofer B. Sullivan, Director of Audit
Approved by: Robert E. Clift, Inspector General

Statement of Accordance

*The mission of the department is
to provide a safe transportation system that ensures the mobility of people and goods,
enhances economic prosperity, and preserves the quality of our environment and communities.*

*The mission of the Office of Inspector General is
to promote integrity, accountability and process improvement in the Department of
Transportation by providing objective fact-based assessments to the DOT team.*

This work product was prepared pursuant to Section 20.055, Florida Statutes, in accordance with the applicable Principles and Standards for Offices of Inspectors General as published by the Association of Inspectors General and the International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors, Inc.

Please address inquiries regarding this report to the department's Office of Inspector General at (850) 410-5800.