Centennial FDOT 1915 ★ 2015

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: _____ **Date:** 7/1/2015
Robert E. Clift
Inspector General

Approved by: _____ **Date:** 7/16/15
Jim Boxold
Secretary

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RISK ASSESSMENT PROCESS

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

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[1] Subsection 20.055(5)(i), Florida Statutes
[2] The Institute of Internal Auditor's International Professional Practices Framework Standard 2010.A1

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.

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.

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
	District 4 - Contract E4K92 PCL Civil Constructors, Inc.	**New - Risk Assessment**
	District 5 - Contract E5R16 Condotte/DeMoya JV, LLC	**New - Risk Assessment**
Design	Errors and Omissions Process	Carry Forward
	Master Agreements Review	Carry Forward
	Utility Certification 14/15	Recurring
	Utility Reimbursement Rates - FPL	Carry Forward
Emergency Management Office	Emergency Management Office	Carry Forward
FLP: Rail	SunRail/Xerox - Ticket Collections	**New - Risk Assessment**
Maintenance	Asset Maintenance Contracts	Carry Forward
	Maintenance Contracts for Inspection and Desilting	Carry Forward
	Inventory controls (Structure Shop and Sign Shop)	**New - Risk Assessment**
Right of Way	Method of Right-of-Way (ROW) Parcel Acquisition	**New - Risk Assessment**
Safety	Highway Safety Improvement Program	Carry Forward
	Safety Office/Wakulla Co. Sheriff	Carry Forward
State Traffic Engineering	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**

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 Lifecyle Development (Work Program/FM2)	**New - Risk Assessment**
	Department Servers and Hardware	**New - Risk Assessment**
	IT Budget Expenditures (non-OIS)	**New - Risk Assessment**
Procurement	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

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

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.