



# OFFICE OF INSPECTOR GENERAL

## FLORIDA DEPARTMENT OF TRANSPORTATION

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Robert E. Clift  
Inspector General

### OIG Risk Assessment and 2013-2014 Audit Plan

July 1, 2013

#### 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, at the direction of the Governor's Chief Inspector General, to enterprise projects. We also retained approximately twenty percent of our time for special projects.

The approved Audit Plan will guide our activities throughout the year, but will be adjusted to meet management needs as other priorities are identified.

Respectfully Submitted by: \_\_\_\_\_ Date: \_\_\_\_\_  
Inspector General

Audit Plan Approved by: \_\_\_\_\_ Date: \_\_\_\_\_  
Secretary

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## **RISK ASSESSMENT PROCESS**

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Both Florida Statutes<sup>1</sup> and professional audit standards<sup>2</sup> 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.

First, we defined our audit universe by using the 22 key functions as defined in the department business plan. (Step 1)

1. Intermodal Systems Development
2. Design
3. Right Of Way
4. Work Program & 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

Next, we conducted 27 interviews with senior management, including Assistant Secretaries and District Secretaries. In each interview senior management was asked to identify their major risks, areas of concern and possible audit topics. (Step 2)

We identified seven risk factors. Three were scored internally based on information obtained (FTEs, budget materiality, confidential/exempt information). Next, senior management was asked to score the remaining four risk factors based on knowledge of their program area (degree of change or stability, complexity of operations, performance measures, procedures). 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

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<sup>1</sup> Section 20.055(5)(i), Florida Statutes

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

coverage and Assistant Secretary risk-ranking to the potential audit topics. (Steps 3,4,5,6)

Lastly, we sorted the potential audit topics based on the final average. (Step 7)

As a result of this process, the potential audit topics were identified and presented to the Secretary who listed them in the following priority order.

<b>FY 2013-2014 Risk Assessment Topics</b>	
<b>Topic</b>	<b>Description</b>
Sunrail	The topic of Sunrail was identified due to the amount of risk associated with public exposure. This multi-phase, multi-million dollar project crosses several counties and will eventually extend 61 miles and have 17 stations.
Southwood Shared Resource Center (SSRC) Service Level Agreements (SLA)	This topic was identified because of concerns about the impact to department critical processes. The department's SLA with SSRC will be evaluated for completeness and effectiveness.
Roadway Characteristics Inventory (RCI) System	This topic is an on-going project of the Innovators! Task Team. Management requested audit assistance.
South Florida Regional Transit Authority (SFRTA) expenditures	This topic was identified to review SFRTA for proper expenditure of state funds.
Motor Carrier Size and Weight overdue citations	This topic was identified because millions of dollars in overdue citations for Motor Carrier Size and Weight violations exist. Management's concern is about the ability to collect these funds.
Staff Augmentation – Office of Information System (OIS)	This topic was identified to determine the effectiveness of policies and procedures regarding staff augmentation in OIS.
Port St. Joe	This topic was identified because Port St. Joe is an evolving multi-modal center. The department is funding \$750,000 of a \$1 million dredging study.
Permit automation (overweight and over-dimensional permits)	This topic was identified because of the implementation of the new web-based permit application system for overweight and over-dimensional permits. The system allows users to submit requests for overweight and over-dimensional permits over the Internet.

<b>Topic</b>	<b>Description</b>
Procurement of IT products and/or services	This topic was identified due to instances in which systems were developed and technology purchased without going through the department Information Resource Request (IRR) process.
Utility costs (for districts)	A topic identified was utility rates charged by utility companies on the state highway system.
Space Florida – General Engineering Contracts (GEC)	The topic of the new GEC contract initiated for Space Florida work was identified because this is a new program area for the department.
CEI lump sum contracts: operating margins	This topic was identified because there could be the potential for excessive profits with operating margins. The Lump Sum Consultant Contract negotiation process will be reviewed to determine consistency in each district.
Pensacola Airport	This topic was identified because funds have been provided for a new hangar and in support of Airbus manufacturing. This will add capacity to support Airbus production in Alabama. This is a \$14 million project – the department’s portion is \$7 million.
Design Build process	This topic was identified because of the increased amount of construction being delivered through the use of Design Build.
Electronic device and media sanitation	The topic of the department’s disposal of information technology (IT) resources was identified because management is concerned with whether the process is effective and meets standards.
Highway Safety Improvement program	This topic was identified because management wants a review of the effectiveness of the selection process used to identify appropriate projects funded by the Highway Safety Improvement funds.
Port Everglades	This topic was identified because the department has funded significant capacity improvements for Port Everglades.
Continuity of Operations Plan (COOP)	A topic identified was the department's COOP - department IT infrastructure as it relates to potential disasters/maintenance plan.

Based on the available number of hours, we placed the auditable topics into our annual Audit Plan. Projects not selected for our annual Audit Plan were placed on our long-term Audit Plan. (Step 8)

## **FLORIDA DEPARTMENT OF TRANSPORTATION 2013-2014 AUDIT PLAN**

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The goal for our Audit Plan is to provide broad audit coverage while focusing our resources on areas with the greatest known risks. We have dedicated resources to provide audit coverage of department expenditures. We have scheduled audits of contracts/agreements between the department and construction contractors, professional services consultants, seaports, airports, railroads, utility companies, expressway authorities, transit providers, local governments and others.

The Audit Section currently has 26 positions. Based on our analysis, staff members will be able to expend approximately 37,925 staff hours on audit plan engagements. Twenty percent of these hours (7,585 hours) will be dedicated to enterprise projects. Another 3,380 hours are needed to complete ongoing projects initiated during the current fiscal year.

The remaining 26,960 hours will be programmed to new projects as outlined below:

- projects which have to be completed every year (e.g., performance measure assessment);
- recurring management requests (e.g., department and railroad billing rate audits);
- audit topics identified through our risk assessment meetings; and
- 20% is reserved for special requests.

Our Audit Plan is subject to change as management priorities change and new risks are identified.

The tables on the following pages provide the 2013-2014 Audit Plan and the Long Term Audit Plan. We have listed the 2013-2014 Audit Plan projects by Audit Unit and have included the selection criteria for each project in the plan.

<b>FY 2013-2014 Audit Plan With Selection Criteria</b>	
<b>Performance and Information Technology Audit</b>	
<b>Audit Plan Project</b>	<b>Selection Criteria</b>
Contract Management	Risk Assessment 2012-13
Payment Card Industry (PCI) Standards	Risk Assessment 2012-13
Intelligent Transportation System (ITS) Review	Risk Assessment 2012-13
Right of Way Relocation	Risk Assessment 2012-13
Logo Sign Program	Risk Assessment 2012-13
Performance Measures Assessment	Risk Assessment 2012-13
Outdoor Advertising - Vegetation Management	Risk Assessment 2013-14
Southwood Shared Resource Center (SSRC) Service Level Agreements	Risk Assessment 2013-14
Roadway Characteristics Inventory (RCI) System	Risk Assessment 2013-14
Staff Augmentation (OIS)	Risk Assessment 2013-14
Permit Automation (overweight and over-dimensional permits)	Risk Assessment 2013-14
Electronic Device and Media Sanitation	Risk Assessment 2013-14
Continuity of Operations Plan (COOP)	Risk Assessment 2013-14
Maintenance Task Work Orders	Management Request
Performance Measures Assessment	Recurring Audit Plan Item
ARRA Reporting and Dashboard	Recurring Audit Plan Item
Computer Forensics	Recurring Audit Plan Item
Data Mining Projects	Recurring Audit Plan Item
Procedure Reviews	Recurring Audit Plan Item
External Liaison	Recurring Audit Plan Item
Single Audit	Recurring Audit Plan Item
Risk Assessment and Annual Audit Plan	Recurring Audit Plan Item
<i>CIG Enterprise Projects (20%)</i>	Recurring Audit Plan Item
<i>Special Request Hours (20%)</i>	Recurring Audit Plan Item

<b>2013-2014 Audit Plan Audit Plan With Selection Criteria</b>	
<b>Intermodal Audit</b>	
<b>Audit Plan Project</b>	<b>Selection Criteria</b>
<b>Department Rates</b>	
FDOT Fringe Benefit Rate	Recurring Audit Plan Item
FDOT Indirect Rate Monitoring	Recurring Audit Plan Item
OIG Billing Rate	Recurring Audit Plan Item
CSXT Rate	Recurring Audit Plan Item
FEC 2012 Rates	Risk Assessment 2012-13
<b>Rail Operations/Projects</b>	
CSXT - S Line Central Rail Office	Risk Assessment 2012-13
Florida East Coast Railroad - District Six	Risk Assessment 2012-13
<b>Aviation Projects</b>	
Ft. Lauderdale Airport – District Four	Risk Assessment 2012-13
Spaceport Grant - District Five	Risk Assessment 2012-13
Space Florida - General Engineering Contracts	Risk Assessment 2013-14
Pensacola Airport	Risk Assessment 2013-14
<b>Seaport Projects</b>	
Port of Manatee - District One	Risk Assessment 2012-13
Port of Palm Beach - District Four	Risk Assessment 2012-13
Port St. Joe	Risk Assessment 2013-14
Port Everglades	Risk Assessment 2013-14
<b>Transit Projects</b>	
South Florida Regional Transportation Authority Expenditures	Risk Assessment 2013-14
Sunrail	Risk Assessment 2013-14
<b>Other</b>	
Cell Tower Fees 2012	Risk Assessment 2012-13
Utility Relocation Reimbursement Process Review	Risk Assessment 2012-13
Utility Certification	Risk Assessment 2013-14
Utility Company Relocation Audit	Risk Assessment 2013-14
Highway Safety Improvement Program	Risk Assessment 2013-14
Procedure Reviews	Recurring Audit Plan Item
Risk Assessment and Annual Audit Plan	Recurring Audit Plan Item
<i>CIG Enterprise Projects (20%)</i>	Recurring Audit Plan Item
CIG Review on State Colleges	Risk Assessment 2012-13
<i>Special Request Hours (20%)</i>	Recurring Audit Plan Item

<b>FY 2013-2014 Audit Plan With Selection Criteria</b>	
<b>Contract Audit</b>	
<b>Audit Plan Project</b>	<b>Selection Criteria</b>
<b>Construction Reviews (includes Contract Modifications and Claims)</b>	
Port of Miami Tunnel 2012	Risk Assessment 2012-13
District Two - Archer (SR4)	Risk Assessment 2013-14
District Two - Anderson (SR200)	Risk Assessment 2013-14
District Four - I595 Express, LLC (I595 Express Corridor)	Risk Assessment 2013-14
<b>Consultant Contract Audits (Professional Services)</b>	
District Seven - Gannett Fleming	Risk Assessment 2013-14
District Five - Stantec (acquired: Corzo, Castella, Carballo & WilsonMiller)	Risk Assessment 2013-14
District Seven - Faller, Davis & Assoc. (Garcia & Ortiz, PA)	Risk Assessment 2013-14
District One - Jacobs Engineering	Management Request
<b>Consultant CPA Work Paper Reviews</b>	
Joe M. Teston, PA (Suncoast Design)	Risk Assessment 2012-13
Atkins North America, Inc. (Cognizant Review)	Risk Assessment 2012-13
Garcia & Ortiz, PA	Risk Assessment 2012-13
District Seven - Kaye Kendrick Enterprises (Grimail Crawford, Inc.)	Risk Assessment 2013-14
District Four - KPMG, LLP (Transystem Corp.)	Risk Assessment 2013-14
District Two - James Moore & Co. (JEA Construction Engineering)	Risk Assessment 2013-14
Carr, Riggs and Ingram (Cognizant Review) - GAI Consultants	Management Request
<b>Turnpike GEC</b>	
HNTB Corporation	Risk Assessment 2012-13
Atkins North America, Inc.	Risk Assessment 2012-13
Parsons Brinkerhoff, Inc	Risk Assessment 2012-13
Jacobs Engineering Group, Inc.	Risk Assessment 2012-13
URS Corporation Southern	Risk Assessment 2012-13
Lucent Group Selection Process (Investigations Referral)	Risk Assessment 2012-13
Motor Carrier Size and Weight Overdue Citations	Risk Assessment 2013-14
Procurement of IT Products and/or Services	Risk Assessment 2013-14
Utility Costs (for districts)	Risk Assessment 2013-14
CEI Lump Sum Contracts: Operating Margins	Risk Assessment 2013-14
Design Build Process	Risk Assessment 2013-14
Procedure Reviews	Recurring Audit Plan Item
Risk Assessment and Annual Audit Plan	Recurring Audit Plan Item
<i>CIG Enterprise Projects (20%)</i>	Recurring Audit Plan Item
CIG Review on State Colleges	Risk Assessment 2012-13
<i>Special Request Hours (20%)</i>	Recurring Audit Plan Item

<b>FY 2014-2015 Long-Term Audit Plan</b>
511 system
Agency for Enterprise Information Technology (AEIT) Risk Assessment - Follow-up
Application development
Asset Maintenance contracts
Blue Coat Reporting
Buy America changes
Construction agreement with local governments
Construction contract estimates (CPR issue)
Construction Training Qualification Program (CTQP): Administration of program
CTQP certifications: On-site verification
Dataset Purchases
Electronic Document Management System (EDMS) review
Estimating process
Florida Accountability Contract Tracking System (FACTS)
General Engineering Contracts for Seaports work
Integrated Computer Security Solutions, Inc. (ICS) Follow-up
Local agencies procurement of consultants/contractors
Local Agency Program (LAP) local funding
LAP Right of Way (ROW) program
Local ordinance compliance
Materials inventory/physical inventory
OIS Cloud Procedures
Outdoor Advertising
Pensacola Port
Reduction of design phase reviews
Road Ranger program
ROW capacity projects
Safe Routes to School
Software licensing/unauthorized software
State Highway System safety projects (CPR)
Switch from Laboratory Inventory Management System (LIMS) to Materials Acceptance and Certification (MAC)
Toll collection back office
Toll-by-plate
Utility relocation

## **DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE**

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### **Action Official Distribution:**

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### **Information Distribution:**

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

### **Project Team:**

Project was conducted by Patricia Phillips and Amy Furney  
Under the supervision of:  
Kristofer Sullivan, Director of Audit  
Submitted 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.

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