



Florida Department of TRANSPORTATION

Office of Inspector General
Robert E. Clift, Inspector General

OIG Risk Assessment and Fiscal Year 2016-17 Work Plan

July 1, 2016

EXECUTIVE SUMMARY

We are pleased to present the Office of Inspector General's (OIG) annual Risk Assessment and Work Plan results.

Our Work Plan is risk-based to provide broad coverage of department programs, systems, and controls. The OIG's risk analysis is based on input from the Assistant Secretaries, District Secretaries, Chief of Staff, Functional Area Managers, Federal Highway Administration, and the Florida Transportation Commission Executive Director.

The activities outlined in our Work Plan address the department's major operations and optimize the use of our resources. Additionally, we allocate 20 percent of our audit resources for projects that may be requested by the Governor's Chief Inspector General (CIG) and retain approximately 20 percent of our hours for projects that you or the leadership team may request during the year.

Respectfully submitted by:

Robert E. Clift
Inspector General

Date: 6-21-2016

Approved by:

Jim Boxold
Secretary

Date: 6-21-2016

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

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RISK ASSESSMENT PROCESS

Florida Statutes 20.055(6)(i) and professional audit standards¹ require the OIG to develop risk-based, long-term and annual audit plans, which consider resources and input from senior management. The Institute of Internal Auditors² provides an 8-step risk assessment process that we used as our methodology below.

Step 1: Define the audit universe as 22 key department functions.

- | | |
|-----------------------------------|---------------------------------------|
| 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 Technology |
| 11. Performance Management | 22. Comptroller/Financial Services |

Step 2: Identify major risks by conducting 37 interviews.

We interviewed Assistant Secretaries, District Secretaries, Chief of Staff, Functional Area Managers, Federal Highway Administration, and the Florida Transportation Commission Executive Director. They identified major risks, potential audit topics, and any concerns they had regarding fraud, waste, abuse, or potential wrongdoing in the department.

Steps 3 - 6: Translate risks into measurable risk factors, weights, and scores.

We identified seven risk factors based on management responses and information obtained from department systems: degree of change or stability, risk types, performance measures, procedures, confidential/exempt information, full-time equivalent positions, and budget materiality. Weights were applied to the risk factors, scored, and the averages added to the Assistant Secretaries' ranked topics.

Step 7: Present highest ranked topics to the Secretary for prioritizing.

The Secretary prioritized his topics (page 4), which were applied to our audit list for determining a final risk ranking.

Step 8: Develop an annual Work Plan based on the final risk ranking (page 5).

¹ The Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing*: 2010 – Planning and 2010.A1 documented risk assessment; 2020 – Communication and Approval

² IIA Research Foundation, *Assessing Risk 2nd Edition* (2004) Tool Kit

SECRETARY'S TOP FOUR PRIORITIES OF NEW AUDIT TOPICS

The Secretary identified the following four audit topics as his highest ranked risks:

Contracts/Grants Management

Management emphasized the need to ensure a governance structure is in place that meets the requirements of statute and rule for sufficiently administering contracts/grants from inception to completion.

Pensacola Bay Bridge Replacement

Management identified the Pensacola Bay Bridge Replacement project as high-risk and is one of FHWA's four "Projects of Corporate Interest" (POCI). This \$470 million project connects Pensacola to Gulf Breeze and replaces a structurally deficient bridge. The project has received significant public input and inquiries.

Right-of-Way Data Validity and Reliability

Management requested a review of the validity and reliability of right-of-way (ROW) data used for performance measures in the Long Range Program Plan (LRPP) and Florida Transportation Commission's (FTC) annual report.

Consultant Use (Staff Augmentation)

The department relies on consultants for staff augmentation work. The cost and benefit of using consultant staff as opposed to state employees was a question in several functional areas. Management expressed the need to ensure the most efficient utilization of both employment types.

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FISCAL YEAR 2016-17 WORK PLAN

OIG's annual Work Plan provides broad audit coverage and focuses OIG resources on areas with the greatest known risks. In addition to the Secretary's four priority topics, we dedicate resources to auditing department processes, contractor and consultant contracts, intermodal grant programs, and examining federal reimbursement rates.

The following topics, where the OIG's assistance could not be expected to develop new insights into the issues, were discussed with management: aging technology, the financial impact of relocating utilities as a result of construction projects, gas tax, human resources recruitment and retention, Intelligent Transportation System (ITS) maintenance and operations, long range planning process, and the National Environmental Policy Act (NEPA).

The OIG has 24 audit positions and can expend 35,217.50 hours as follows:

Total 2016-17 potential hours available	35,218
Carry-forward (CF) hours to complete 2015-16 projects	4,930
Recurring projects (Performance Measures, Rates, Procedure/Other Reviews)	4,215
New topics identified through the risk assessment process	13,958
Retain 20% for the Chief Inspector General's (CIG) requests and 20% for department management requests	12,115
Total 2016-17 hours programmed	(35,218)

Our 2016-17 Work Plan comprises 60 auditable topics on pages 6 and 7. The long-term auditable topics, required to be identified by statute, are on page 8.³

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

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Secretary		
Function	Topic	Project Type
General Counsel	Ethics Governance Review	CF

Engineering and Operations		
Function	Topic	Project Type
Construction	Errors and Omissions Process	CF
Construction	District 4 - Contract E4K92 PCL Civil Constructors, Inc.	New
Construction	Pensacola Bay Bridge Replacement	New
Maintenance	Asset Maintenance Contracts	CF
Maintenance	Inventory Controls (Structure Shop)	CF
Maintenance	Maintenance Contracts for Inspection and Desilting	CF
Program Mgmt.	Utility Certification 15/16	New
Program Mgmt.	Local Agency Program (LAP)	New
Right-of-Way	Performance Measures Assessment 14/15 (LRPP and FTC Data Validity and Reliability)	CF
Safety	Safety Office/Wakulla County Sheriff	CF
Traffic Eng. & Ops	Intelligent Transportation System (ITS) Inventory District 2	CF
Traffic Eng. & Ops	Intelligent Transportation System (ITS) Inventory District 4	CF
Traffic Eng. & Ops	Intelligent Transportation System (ITS) Inventory District 5	CF
Traffic Eng. & Ops	Intelligent Transportation System (ITS) Inventory District 6	CF
Traffic Eng. & Ops	Intelligent Transportation System (ITS) Inventory District 7	CF
Traffic Eng. & Ops	Intelligent Transportation System (ITS) Inventory TPE	CF
Traffic Eng. & Ops	Intelligent Transportation System (ITS) Inventory District 1	New
Turnpike Enterprise	Faneuil Contracts	New

Finance and Administration		
Function	Topic	Project Type
Comptroller	Purchasing Card	CF
Comptroller	FDOT Fringe Benefit Rate	Recurring
Comptroller	FDOT Indirect Rate Monitoring	Recurring
Info Technology	FDOT Servers and Hardware	CF
Info Technology	IT Security (Access Control)	CF
Info Technology	CIG Enterprise IT-CSIRT	CF
Info Technology	Non-OIT IT Budget Expenditures	CF
Info Technology	CSIRT Follow-up	New
Info Technology	CSIRT Turnpike	New
Info Technology	FDOT Firewall Audit	New

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Finance and Administration (continued)		
Function	Topic	Project Type
Procurement	Carr Riggs & Ingram (GAI Consultants - Cognizant Review) FY15	CF
Procurement	Faller, Davis & Assoc. (Garcia & Ortiz, PA)	CF
Procurement	Kimley-Horn	CF
Procurement	Squar, Milner, Peterson, Miranda, & Williamson, LLP (Atkins - Cognizant Review - FY14)	CF
Procurement	Squar, Milner, Peterson, Miranda, & Williamson, LLP (Atkins - Cognizant Review - FY15)	CF
Procurement	Warren Averett, LLC (Figg Bridge Engineers, Inc.)	CF
Procurement	Carr Riggs & Ingram (GAI Consultants - Cognizant Review) FY16	Recurring
Procurement	Squar, Milner, Peterson, Miranda, & Williamson, LLP (Atkins - Cognizant Review - FY16)	Recurring
Procurement	Chuck Ikeji, CPA (JBS Engineering Technical Services, Inc.)	New
Procurement	Comprehensive Engineering Services, Inc.	New
Procurement	Consultant Use (Staff Augmentation)	New
Procurement	Cross, Steard & Co., LLC (Protean Design Group, Inc.)	New
Procurement	Jacobs Engineering Follow-up (Executive Compensation)	New
Procurement	L.F. Harris & Associates (ICON Consultant Group, Inc.)	New
Procurement	Non-Professional Services on Professional Services Contracts	New
Procurement	Target Engineering Group, Inc.	New
Transp Support	DBE/MBE Program Governance, Data Validity and Reliability	New
Transp Support	Employee Benefit Fund Checking Account Review	New
Work Program	Transportation Finance Lifecycle Development (Work Program/Financial Management)	CF

Intermodal Systems Development		
Function	Topic	Project Type
Freight, Logistics, Passenger (FLP)	Performance Measures Assessment 15/16	Recurring
Freight, Logistics, Passenger (FLP)	Contracts/Grants Management	New
FLP – Rail	FEC Rates 2014	CF
FLP – Rail	CSXT Rates 2014	Recurring
FLP – Rail	SunRail – Maintenance	New
FLP – Seaport	Port Everglades	CF
FLP – Seaport	Central Office Seaport Program Oversight	New
FLP – Transit	South Florida Regional Transportation Authority	CF
FLP – Transit	Suwannee Valley Transit Authority – District 2	CF
FLP – Transit	Central Office Transit Program Oversight	New
Transportation Dev	Metropolitan Planning Org. (MPO) - Program Audit	New
Transportation Dev	Metropolitan Planning Org. (MPO) - Selected Agency Audit	New

LONG-TERM WORK PLAN

These long-term auditable topics were identified for the 2016-17 Work Plan:

- Airport – Orlando major project
- Airport – Tampa major project
- Buy America – Utility Companies
- Consultant (CEI and GEC) Costs
- Copper Wire Theft
- Cost Duplication
- Davis-Bacon Act
- Design-Build
- Estimates Accuracy
- Express Lanes Tolling
- FDOT Conference Sponsorship
- FHWA Projects of Corporate Interest
- Landscaping
- Logo Sign Program
- Motor Carrier Size and Weight Program
- National Pollutant Discharge Elimination System (NPDES)
- Office of Information Technology Staff Augmentation
- Outdoor Advertising
- Plans Preparation Requirements
- Positive Train Control (PTC)
- Project Management Handbook
- Public Record Changes for Contractors
- Right-of-Way Property Inventory
- SunRail – Xerox and Other Vendor Contracts
- Turnpike Enterprise – Back Office
- Turnpike Enterprise – Test Track

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DISTRIBUTION, PROJECT TEAM, AND STATEMENT OF ACCORDANCE

Distribution:

Jim Boxold, Secretary
Brian Blanchard, P.E., Assistant Secretary for Engineering and Operations
Rachel Cone, Assistant Secretary for Finance and Administration
Tom Byron, P.E., Assistant Secretary for Intermodal Systems Development
Mike Dew, Chief of Staff
Melinda Miguel, Chief Inspector General, Executive Office of the Governor
Sherrill F. Norman, Auditor General
James Christian, Division Administrator, FHWA – Florida Division

Project Team:

Project was conducted by Helen Titoff, Senior Auditor
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 Inspector 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.

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