Florida Department of TRANSPORTATION

Office of Inspector General
Kristofer B. Sullivan, Interim Inspector General

OIG Risk Assessment and Work Plan, Fiscal Year 2018-19   July 12, 2018

Executive Summary

We are pleased to present the Florida Department of Transportation (department) Office of Inspector General's (OIG) Annual Risk Assessment and Work Plan results for Fiscal Year (FY) 2018-19.

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 Secretary, Assistant Secretaries, District Secretaries, Chief of Staff, and Functional Managers.

The activities outlined in our Work Plan address the department's major operations and optimize the use of our resources. We retain approximately 20 percent of our hours for department projects that may be requested during the year. We also allocate a small percent of our audit resources for projects that may be requested by the Governor's Chief Inspector General (CIG) for projects with enterprise-wide focus.

Respectfully submitted by: _____ Date: 7/12/18
Kristofer B. Sullivan
Interim Inspector General

Approved by: _____ Date: 20 JUL 18
Mike Dew
Secretary

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RISK ASSESSMENT PROCESS

Section 20.055(6)(i), Florida Statutes (2018), and professional audit standards,[1] 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 Auditors[2] provides an eight-step risk assessment process that we used as our methodology below.

Step 1: Define the audit universe.
We identified the auditable units to be 28 functional areas.

1. Construction	15. Procurement
2. Design	16. Comptroller
3. Emergency Management	17. Work Program & Budget
4. Maintenance	18. Aviation & Spaceports
5. Materials	19. Freight & Multimodal Services
6. Program Management	20. Seaports & Waterways
7. Right of Way	21. Transit
8. Traffic Engineering & Operations	22. Policy Planning
9. Safety	23. Systems Implementation
10. Environmental Management	24. Forecasting & Trends
11. Equal Opportunity	25. Civil Integrated Management
12. Human Resources	26. Information (Cyber) Security Management
13. Organizational Development	27. Information Technology
14. Support Services	28. Process & Quality Improvement

Step 2: Identify major risks.
We conducted 36 interviews, including the Secretary, Assistant Secretaries, District Secretaries, Chief of Staff, and Functional Area Managers. 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 four risk factors based on management responses and information obtained from department systems: change in management, last time functional area was audited, full-time equivalent positions, and budget allotment and expenditures. The risk factors were weighed and scored, and their averages were 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 (pages 4-6).

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[1] The Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing:* 2010 – Planning; 2010.A1 – Documented Risk Assessment; 2020 – Communication and Approval (effective 2017).
[2] IIA Research Foundation, Assessing Risk 2nd Edition (2004) Tool Kit.

SECRETARY'S TOP PRIORITIES OF AUDIT TOPICS

The Secretary identified the following audit topics as his highest ranked risks:
1. Push Button Contracts Use
2. Interstate Truck Parking: Safety and Department Obligation
3. Transportation Data and Analytics Office Contract Review
4. Master University Agreements
5. Uniform Grant Guidance Compliance
6. Express Lane Tolling – Application Security
7. Intelligent Transportation Systems – Information Technology Follow-up
8. Small Businesses Program Self-Certifications
9. Information Technology Infrastructure Processes and Practices
10. Permit Automation System (PASS)

FISCAL YEAR 2018-19 WORK PLAN

The 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 priority topics, we dedicate resources to auditing department processes, contractor and consultant contracts, intermodal grant programs, and examining federal reimbursement rates.

The OIG has 26 audit positions and can expend 34,245 hours as follows:

Total FY 2018-19 Potential Hours Available	**34,245**
Carry-forward (CF) hours to complete FY 2017-18 projects	8,092
Reserve 400 hours for the Chief Inspector General's (CIG) requests	400
Reserve 20% of remaining hours for management requests	5,230
Recurring and Annual projects (Performance Measures, Rates, Procedure Reviews, etc.)	4,535
New topics identified through the risk assessment process	15,988
Total FY 2018-19 Hours Programmed	**(34,245)**

Our 2018-19 Work Plan comprises 59 auditable topics, listed below.[3] The long-term auditable topics, required to be identified by statute, are on page 7.[4]

Engineering and Operations		
Function	**Topic**	**Project Type**
Construction	US 331 Contract Claim Audit	New
	Pensacola Bay Bridge Replacement FY 18-19	Recurring
	Use of Push Button Contracts	New
Emergency Management	Continuity of Operations Plan (COOP)	Carry Forward
Maintenance	Interstate Truck Parking: Safety and Department Obligation	New
	Permit Automation System (PASS)	New
	Department Fleet Management	New
Right-of-Way	Logo Sign Program	Carry Forward
	Outdoor Advertising	New

Finance and Administration		
Function	**Topic**	**Project Type**
Comptroller	Uniform Grant Guidance Compliance	New
	Credit Card Payment Controls / Payment Card Industry	Carry Forward
	Florida Department of Transportation Fringe Rate	Recurring
	Florida Department of Transportation Indirect Rate	Recurring
Human Resources	Background Check Process	Carry Forward
	Highway Safety & Motor Vehicles Driver's License / Motor Vehicle Record Data Exchange	New
Procurement	Master University Agreements	New
	Small Businesses Program Self-Certifications	New
	Jacobs Follow-up (All Hours Worked)	Carry Forward
	International Corporate Allocations – Indirect Cost Pools	Carry Forward
	Post Consultant Contract Audits	
	Eisman & Russo, Inc.	Carry Forward
	HNTB Corporation	Carry Forward
	Jacobs Engineering Group, Inc.	New
	WSP USA, Inc.	New
	BCC Engineers, Inc.	New
	AECOM Technical Services, Inc.	Carry Forward
	CPA Work Paper and Cognizant Reviews	
	Carr, Riggs & Ingram, LLC., (Cardno) - FY 17	New
	Carr, Riggs & Ingram, LLC., (GAI) - CY 18	New
	Squar, Milner, Peterson, Miranda, & Williamson, LLP,	New

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[3] Although captured in the total programmed hours some non-audit projects (e.g. computer forensics) and confidential (e.g. whistle-blower related) projects are not listed in these tables. Additionally, some project names have been combined for ease of reporting (e.g. CPA working paper reviews and corresponding cognizant letter).

[4] 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.

	(Atkins) - FY 18	
	Warren Averett (Figg Bridge Engineers) - CY 17	Carry Forward
	Warren Averett (Figg Bridge Engineers) - CY 18	New
	Warren Averett (Figg Bridge Inspections) - CY 17	Carry Forward
	Warren Averett (Figg Bridge Inspections) - CY 18	New

Strategic Development		
Function	**Topic**	**Project Type**
Aviation and Spaceports	Small Airport Audit (project #1)	New
	Auditor General Report Follow-up	Carry Forward
	Auditor General Freight, Logistics, Passenger Operations Review	Carry Forward
Policy Planning	Performance Measures FY 17/18	New
	Metropolitan Planning Program	Carry Forward
	Lee County Metropolitan Planning Organization	Carry Forward
	Capital Regional Transportation Authority Metropolitan Planning Organization	Carry Forward
	Hillsborough Metropolitan Planning Organization	New
	Ocala / Marion Metropolitan Planning Organization	New
	Metropolitan Planning Organization Task Force	New
Transit	Central Office Transit Program Oversight	Carry Forward
	Bonifay Transit Agency	New
	Big Bend Transit Agency	New
	Transit Grant Award Controls	Carry Forward
Transportation Technology	Computer Security Incident Response Team (CSIRT) Procedure Follow-up	New
	Express Lane Tolling	New
	Information Technology Infrastructure Processes and Practices	New
	Intelligent Transportation Systems – Information Technology Follow-up	New
	Work Program Integration Initiative (WPII)	Recurring
	Change Management Review	Carry Forward
	Disaster Recovery Plan	Carry Forward
	Department Procedure Review Process and System	New
	Transportation Data and Analytics Office Contract Review	New
Rail and Motor Carrier Operations	Rail Inspection Training	New
	CSXT 2017 Fringe / Indirect Rate	Recurring
	Florida East Coast Railway 2018 Fringe Rate	Recurring

Chief Inspector General	
Topic	**Project Type**
Department of Management Services / Department of Corrections	Carry Forward

LONG-TERM WORK PLAN

These long-term auditable topics were identified for the FY 2018-19 Work Plan:

- Chuck Ikeji, CPA
- L.F. Harris & Associates
- Star Metro Transit Agency
- Center for Urban Transit Research (CUTR), University of South Florida
- Utility Contracts
- Non-Traditional Highway Funding – Central Office Governance
- Small Airport Audit (project #2)
- Florida East Coast Railway Contract
- Seaport Governance Review
- Small County Outreach Program
- Non-Traditional Highway Funding – Grant Agreement
- Medicaid Impact on Transit Controls
- Use of Professional Services on Grant Programs
- Turnpike Computer Security Incident Response Team (CSIRT) Process

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    Bill Pace, Contract Audit Manager
    Nancy Shepherd, Intermodal Audit Manager
    Melynda Childree, Senior Auditor

STATEMENT OF ACCORDANCE

The department's mission 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 Office of Inspector General's mission 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 (2018), in accordance with the Association of Inspectors General *Principles and Standards for Offices of Inspector General*, and conforms with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

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