



# Florida Department of TRANSPORTATION

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

OIG Risk Assessment and Work Plan, Fiscal Year 2019-20

August 9, 2019

### 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) 2019-20.

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:

Kristofer B. Sullivan  
Inspector General

Date:

8-9-19

Approved by:

Kevin J. Thibault  
Secretary

Date:

8-12-19

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## **RISK ASSESSMENT PROCESS**

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

### **Step 1: Define the audit universe.**

We identified the following 30 auditable areas.

- |                                       |  |
|---------------------------------------|--|
| 1. Turnpike Enterprise                | 16. Procurement                              |
| 2. Design                             | 17. Comptroller                              |
| 3. Traffic Engineering and Operations | 18. Work Program and Budget                  |
| 4. Maintenance                        | 19. Aviation and Spaceports                  |
| 5. Emergency Management               | 20. Freight and Multimodal Operations (Rail) |
| 6. Right of Way                       | 21. Seaport and Waterways                    |
| 7. Construction                       | 22. Transit                                  |
| 8. Materials                          | 23. Policy Planning                          |
| 9. Program Management                 | 24. Systems Implementation                   |
| 10. Safety                            | 25. Forecasting and Trends                   |
| 11. Environmental Management          | 26. Research Center                          |
| 12. Equal Opportunity                 | 27. Civil Integrated Management              |
| 13. Human Resources                   | 28. Information Security Management          |
| 14. Organizational Development        | 29. Information Technology                   |
| 15. Support Services                  | 30. SunRail                                  |

### **Step 2: Identify major risks.**

We conducted 42 interview sessions which included 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.

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

The ranked topics were based on interviews with the Functional Area Managers and the associated Assistant Secretary. 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 5-7).**

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<sup>1</sup> 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).

<sup>2</sup> IIA Research Foundation, *Assessing Risk 2<sup>nd</sup> Edition* (2004) Tool Kit.

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**SECRETARY'S TOP PRIORITIES OF AUDIT TOPICS**

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

- Local Agency Programs (LAP); Small County Road Assistance Program (SCRAP); Small County Outreach Program (SCOP); and Transportation Planning Organizations (TPO);
- Business Development Initiative (BDI);
- South Florida Regional Transportation Authority (SFRTA);
- Intelligent Transportation Systems (ITS); and
- Asset Maintenance (In-house vs Contractor).

**FISCAL YEAR 2019-20 WORK PLAN**

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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:

<b>Total FY 2019-20 Potential Hours Available</b>	<b>34,245</b>
Carry-forward (CF) hours to complete FY 2018-19 projects	5,009
Reserve 400 hours for CIG requests	400
Reserve 20% of remaining hours for management requests	5,848
Recurring projects (Performance Measures, Rates, etc.)	5,095
New topics identified through the risk assessment process	17,893
<b>Total FY 2019-20 Hours Programmed</b>	<b>(34,245)</b>

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Our 2019-20 Work Plan includes 64 auditable topics, listed below.<sup>3</sup> The long-term auditable topics, required to be identified by statute, are on page 8.<sup>4</sup>

<b>Engineering and Operations</b>		
<b>Function</b>	<b>Topic</b>	<b>Project Type</b>
Construction	Duplicate Payments to Construction Engineering Inspections (CEI)	New
	Multi-Use Corridors of Regional Economic Significance (M-CORES) Task Force	New
	MTN Resources, LLC.	Carry Forward
	SR 200 Project Audit	Carry Forward
	Pensacola Bay Bridge Replacement	New
	I-4 Ultimate Project Contract Modifications	New
	Push Button Contracts	Carry Forward
Emergency Management	Continuity of Operations Plan (COOP)	Carry Forward
	Emergency Debris Removal	New
Maintenance	Department Fleet Management	Carry Forward
	Permit Application System (PAS)	Carry Forward
	Asset Maintenance (In-house vs Contractor)	New
Right of Way	Logo Sign Program	Carry Forward
	Outdoor Advertising	New
Program Management	Utility Office Rates Procedures	New
	Local Agency Programs (LAP)	New
	Small County Road Assistance Program (SCRAP); Small County Outreach Program (SCOP)	New
	Flagler County (SCRAP / SCOP Funding)	New
	Port Saint Lucie LAP Project	New
	City of Pahokee Review	New
Traffic Operations	Intelligent Transportation Systems (ITS) – Information Technology	New

<b>Finance and Administration</b>		
<b>Function</b>	<b>Topic</b>	<b>Project Type</b>
Comptroller	Florida Department of Transportation Fringe / Indirect Rate	Recurring
Equal Opportunity	Business Development Initiative (BDI)	New
	Small Businesses Program Self-Certifications	Carry Forward
Procurement	Master University Agreements	Carry Forward
	Wantman Group, Inc.	Carry Forward

<sup>3</sup> 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).

<sup>4</sup> 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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Procurement continued	OM Engineering Services, Inc.	New
	Direct Expense Rate (Fee Schedule) Audit	New
	Errors and Omissions – Consultant Cost Classification	New
	Direct Labor Cost Transfers	New
	<b>Post Consultant Contract Audits</b>	
	Jacobs Engineering Group, Inc.	Carry Forward
	WSP USA, Inc.	Carry Forward
	BCC Engineering	Carry Forward
	<b>CPA Work Paper and Cognizant Reviews</b>	
	Carr, Riggs & Ingram, LLC., (GAI) CY 2018	Carry Forward
	Squar Milner LLP (Atkins) CY 2018	Carry Forward
	Carr, Riggs & Ingram, LLC., (GAI) CY 2019	Recurring
	AE Clarity (Wantman Group, Inc.) FYE 2018	New
CliftonLarsonAllen (TLP Engineering Services, Inc.) FYE 2018	New	
Support Services	New Security Access Badge System / Physical Access Security	New

Strategic Development		
Function	Topic	Project Type
Freight and Multimodal Operations	South Florida Regional Transportation Authority (SFRTA)	New
	CSXT 2018 Fringe / Indirect Rate	Carry Forward
	CSXT 2019 Fringe / Indirect Rate	New
	Florida East Coast Railway 2018 Fringe Rate	Carry Forward
	Florida East Coast Railway 2019 Fringe Rate	New
Aviation and Spaceports	Aviation Office Training Program	New
Policy Planning	Performance Measures FY 2018-19	New
	Transportation Planning Organizations (TPO)	New
	Hillsborough Metropolitan Planning Organization	Carry Forward
Seaports and Waterways	Seaport Internal Controls and Procedures	New
SunRail	SunRail Transition to Central Florida Commuter Rail Commission (CFCRC)	New
Transit	Big Bend Transit Agency	Carry Forward
	Tri-County Community Council	Carry Forward
	TransCIP 2.0 (Access Controls)	New
	Pinellas Suncoast (Transit Agency)	New
	Jacksonville Transit Authority (JTA)	New
	Miami-Dade County Transit Funding	New

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<b>Transportation Technology</b>		
<b>Function</b>	<b>Topic</b>	<b>Project Type</b>
Information Security Management	Computer Security Incident Response Team (CSIRT) Reporting - Turnpike Tolls	New
	Computer Security Incident Response Team Procedure Follow-up	Carry Forward
Information Technology	Disaster Recovery Plan	Carry Forward
	Work Program Integration Initiative (WPPI)	Recurring
	District Infrastructure and Hardware Management	Carry Forward
	Transportation Data and Analytics Office Contract Review	Carry Forward

<b>Florida Turnpike Enterprise</b>		
<b>Function</b>	<b>Topic</b>	<b>Project Type</b>
Turnpike Enterprise	SunPass Follow-up	New

<b>Chief Inspector General</b>		
<b>Function</b>	<b>Topic</b>	<b>Project Type</b>
SunPass	Review of SunPass System Implementation	Carry Forward

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**LONG-TERM WORK PLAN**

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These long-term auditable topics were identified for the FY 2019-20 Work Plan:

- Star Metro Transit Agency;
- Center for Urban Transit Research (CUTR), University of South Florida;
- Non-Traditional Highway Funding Governance and Grants;
- Small Airport Grants;
- Express Lane Tolling; and
- Truck Parking Availability System (TPAS).

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**PROJECT TEAM**

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Engagement was conducted by:

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Joseph W. Gilboy, Director of Audit  
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Bill Pace, Deputy Audit Director for Contracts  
Nancy Shepherd, Deputy Audit Director for Intermodal  
Ashley Clark, Deputy Audit Director for Performance and Information Technology  
Melynda Childree, Senior Auditor

**STATEMENT OF ACCORDANCE**

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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, 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 product to the department's Office of Inspector General at (850) 410-5800.