



Florida Department of TRANSPORTATION

Office of Inspector General
Robert E. Clift, Inspector General

OIG Risk Assessment and Fiscal Year 2017-18 Work Plan

July 26, 2017

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 Secretary, Assistant Secretaries, District Secretaries, Chief of Staff, Functional Area Managers, Federal Highway Administration, and the Florida Transportation Commission.

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:

Robert E. Clift
Inspector General

Date: 7/26/17

Approved by:

Mike Dew
Secretary

Date: 28 JUL 17

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

TABLE OF CONTENTS

RISK ASSESSMENT PROCESS	3
SECRETARY'S TOP PRIORITIES OF NEW AUDIT TOPICS	4
FISCAL YEAR 2017-18 WORK PLAN	5
LONG-TERM WORK PLAN	7
DISTRIBUTION	8
PROJECT TEAM	9
STATEMENT OF ACCORDANCE	9

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. We identified the auditable units to be 26 functional areas.

- | | |
|--------------------------------------|-------------------------------------|
| 1. Construction | 14. Human Resources |
| 2. Design | 15. Maps & Publications |
| 3. Emergency Management | 16. Organizational Development |
| 4. Environmental Management | 17. Procurement |
| 5. Maintenance | 18. Support Services |
| 6. Materials | 19. Work Program & Budget |
| 7. Program Management | 20. Aviation & Spaceports |
| 8. Right of Way | 21. Rail & Motor Carrier Operations |
| 9. Safety | 22. Seaports & Waterways |
| 10. Traffic Engineering & Operations | 23. Transit |
| 11. Comptroller | 24. Research Center |
| 12. Equal Opportunity | 25. Transportation Development |
| 13. Forms & Procedures | 26. Transportation Technology |

Step 2: Identify major risks. We conducted 35 interviews including the Secretary, Assistant Secretaries, District Secretaries, Chief of Staff, Functional Area Managers, Federal Highway Administration, and the Florida Transportation Commission. 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, change in management, last time functional area was audited, full-time equivalent positions, budget allotment and budget expenditures. 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 (effective 1/2017)

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

SECRETARY'S TOP PRIORITIES OF NEW AUDIT TOPICS

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

Consultant Scope

Management is concerned there may be a heavy reliance on consultants to write their own scope, which could impact the price of the project and cause a conflict of interest.

Airport Fiscal Oversight

Orlando and Tampa airports were identified again this year for their large, high-value, complex projects. Because large airports, such as Orlando and Tampa, follow the Federal Aviation Administration's (FAA) regulations, Central Office management considers these airports relatively low risk, but of higher risk are small airports that may not have the same level of fiscal oversight.

Motor Carrier Size and Weight (MCSAW) Program

Management identified the Motor Carrier Size and Weight (MCSAW) Program as a key component to provide a safe transportation system. In 2011, MCSAW was administratively separated from the law enforcement operations, who are now under Department of Highway and Safety Motor Vehicles (HSMV). MCSAW has two primary areas: 1) Enforcement (with HSMV's sworn officers who issue tickets); and 2) Program, which maintains the facilities and scales. Within the Program function are two areas: A) Contracts (vendors and CEI); and, B) Processes (operations). Management identified the potential risk in efficiency and effectiveness of the processes area.

Use of Professional Services on Grant Programs

District Three and District Four management both identified the acquisition of professional services (design, engineering) on grant programs as a potential audit topic. The concerns include local agencies' qualifications, level of oversight, and consistency of the use of professional services throughout the department. The type of grant programs include: federal Local Agency Program (LAP), which is currently being audited by the OIG, and state Small County Road Assistance Program (SCRAP), Small County Outreach Program (SCOP), Transportation Regional Incentive Program (TRIP), and County Incentive Grant Program (CIGP).

Auditor General Grant Follow-up

Conduct a follow-up to the Auditor General's audit of the Aviation Office. Additionally, the review will cover the other modes within the Office of Freight, Logistics and Passenger Operations (FLPO). Management expressed interest for the OIG to review the grant fiscal management controls being implemented as a result of the Aviation Audit are also properly implemented within the other FLPO modes.

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

FISCAL YEAR 2017-18 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 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 33,951 hours as follows:

Total 2017-18 potential hours available	33,951
Carry-forward (CF) hours to complete 2016-17 projects	8,550
Reserve 700 hours for the Chief Inspector General's (CIG) requests	700
Reserve 20% of remaining hours for management requests	5,080
Recurring and Annual projects (Performance Measures, Rates, Procedure/Other Reviews)	3,955
New topics identified through the risk assessment process	15,666
Total 2017-18 hours programmed	(33,951)

Our 2017-18 Work Plan comprises 63 auditable topics, listed below. The long-term auditable topics, required to be identified by statute, are on page 7.³

Engineering and Operations		
Function	Topic	Project Type
Construction	Pensacola Bay Bridge Replacement FY 16-17	CF
Emergency Mgmt.	Continuity of Operations Plan (COOP)	New
Maintenance	Motor Carrier Size and Weight Program	New
	Inventory Controls (Structure Shop)	CF
	National Pollutant Discharge Elimination System	New
Program Mgmt.	Local Agency Program	CF
	Local Agency Program Information Tool Access Control	CF
Right-of-Way	Logo Sign Program	New

Finance and Administration		
Function	Topic	Project Type
Comptroller	Purchasing Card	CF
	FDOT Fringe Benefit Rate Variance Analysis	Recurring
	FDOT Indirect Cost Allocation Plan	Recurring
	Payment Card Industry	New
	Super Circular Projects (CFR 200: Grant Reviews)	New

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.

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

Equal Opportunity	EEO Investigations Process	New	
	DBE/MBE Program Governance and Data Validity/Reliability	CF	
Human Resources	Background Check Process	New	
Procurement	Consultant Scope	New	
	Jacobs Follow-up (All Hours Worked)	New	
	Non-Professional Services	CF	
	Target Engineering Group, Inc.	CF	
	Use of Professional Services on Grant Programs	New	
	Final Audits		
	Eisman & Russo, Inc.	New	
	HNTB Corporation	New	
	Kisinger Campo & Associates	New	
	Metric Engineering, Inc.	New	
	Protean Design Group, Inc.	CF	
	CPA Work Paper (WP) and Cognizant Reviews		
	Carr, Riggs & Ingram, LLC., (Cardno) - FY 16	CF	
	Carr, Riggs & Ingram, LLC., (Cardno) - FY 17	Recurring	
Carr, Riggs & Ingram, LLC., (GAI) - CY 16	CF		
Carr, Riggs & Ingram, LLC., (GAI) - CY 17	Recurring		
Squar, Milner, Peterson, Miranda, & Williamson, LLP (Atkins) - FY16	CF		
Squar, Milner, Peterson, Miranda, & Williamson, LLP (Atkins) - FY17	Recurring		
Warren Averett (Figg Bridge Engineers) - CY 17	Recurring		
Warren Averett (Figg Bridge Inspections - CY 17	Recurring		
Transportation Support	DBE/MBE Program Governance, Data Validity and Reliability	CF	
	Employee Benefit Fund Checking Account Review	CF	

Strategic Development

Function	Topic	Project Type
Aviation and Spaceports	Auditor General Report Follow-up and Freight, Logistics, Passenger Operations Review	New
	Airport Audit (Selected Small Airport)	New
	Orlando Airport	CF
Policy Planning	Performance Measures Assessment 15/16	CF
	Performance Measures Assessment 16/17	Recurring
	Metropolitan Planning Org. (MPO) - Program	CF
	Metropolitan Planning Org. (MPO) - Selected Agency (#1)	CF
	Metropolitan Planning Org. (MPO) - Selected Agency (#2)	New
Rail	FEC Rates	Recurring
	CSXT Rates	Recurring
	South Florida Regional Transportation Authority (Legislative)	CF
	Rail Inspection Training	New

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

Seaport	Port Everglades	CF
	Central Office Seaport Program Oversight	New
Transit	Suwannee Valley Transit Authority – Central Office	CF
	Selected Transit Agency	New
	Central Office Transit Program Oversight	New
Transportation Technology	Non-OIT IT Budget Expenditures	CF
	CSIRT Follow-up	New
	CSIRT Turnpike	New
	FDOT Firewall Audit	CF
	IT Risk Assessment (Gartner) Gap Analysis	New
	Disaster Recovery Plan	New
	Change Management	New
	Work Program Integration Initiative (WP11)	CF

Chief Inspector General	
Topic	Project Type
Representative Richardson’s request concerning Private Prisons	CF
Contract Management Project	CF

LONG-TERM WORK PLAN

These long-term auditable topics were identified for the 2017-18 Work Plan:

- Vegetation Management Program
- Data Confidentiality
- Infrastructure and Hardware Management
- Chuck Ikeji, CPA
- L.F. Harris & Associates

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PROJECT TEAM

Engagement 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 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 report to the department's Office of Inspector at (850) 410-5800.