Oregon
Tina Kotek, Governor

Oregon Transportation Commission
Office of the Director, MS 11
355 Capitol St NE
Salem, OR 97301-3871

DATE: January 15, 2026

TO: Oregon Transportation Commission

FROM: Lisa Sumption
Interim Director

PRESENTED BY: Chief Auditor Marlene Hartinger

SUBJECT: **Agenda Item F1** – Oregon Department of Transportation's (ODOT) 2026 Audit Plan.

Requested Action:
Receive an overview of planned internal audit work for 2026 and adopt the Audit Plan.

Background:
The Oregon Department of Transportation's Audit Plan establishes work priorities for internal audits across the department. Topics are based on the results from discussions with ODOT management and external partners, research by audit staff, and Internal Audit's judgment on the most effective deployment of audit resources. The final list of topics was decided by the Chief Auditor.

Once adopted, the plan will guide Internal Audit on which topics to audit. The topics and time allocated may be adjusted due to emerging risks and other factors. The 2026 Audit Plan deviates from the two-year plan typically developed. The Internal Audit team is expecting to have fewer resources available due to staff retirements. In light of uncertainty regarding agency funding and the ability to fill these vacancies, reduced capacity is reflected in this year's plan.

Outcomes:
Adopt the 2026 Audit Plan.

Attachments:
- Attachment 01 – ODOT 2026 Audit Plan

ODOT AUDIT SERVICES

2026 Audit Plan

Marlene Hartinger, Chief Auditor
Auditors:
James Hanseling
Laura Simmons
Ben Haley
Meredith Kim
Jessica Rondema

Adopted by Oregon Transportation Commission: TBD

Overview

The 2026 Audit Plan deviates from previous plans by including a single year of audit work instead of two years. A reduction in staffing due to retirements will occur and there is uncertainty about when the team will be fully staffed. With the reduced capacity, a single year plan was developed for 2026. An audit plan for 2027 will be built later in the year once staffing resources are better known.

Audit work for 2026 will be focused on wrapping up audits that are in process, following up on recently issued audits, and completing carry-over topics from the previous audit plan that remain high priority to address. While we anticipate limited capacity to start new audits, we have outlined topics to draw from as resources allow.

Identified topics were based on input from the Oregon Transportation Commission (OTC), ODOT management and staff, and external agency partners. Descriptions and broad objectives outlined are starting points for the audits and may be altered due to emerging risks or other factors. Additionally, once an audit is underway the scope and objectives may change as auditors obtain updated information and prepare a detailed work plan. Decisions to add/remove topics or adjust priorities are made at the discretion of the Chief Auditor with consideration of management and OTC input.

Audits In Process

Below are audits from 2025 that that will be carried over and their status:

Carryover Audit Work	Description
Environmental Compliance	The audit assessed whether ODOT can readily demonstrate that contracted environmental outcomes were consistently achieved during highway construction projects. This includes all contracted environmental requirements, and if ODOT is achieving its environmental monitoring responsibilities. (*nearing completion*)
Construction Contract Cost Increases	This audit reviewed highway construction projects to identify common reasons for why costs increased and whether the difference between cost estimates and awarded contract amounts has changed over time. *(nearing completion)*
Delegation Orders	The audit looked at ODOT's policy and system for managing Delegation Orders and Letters of Authority. *(nearing completion)*
Information Technology (IT) Security	Audit reviewed ODOT's alignment between the employee termination process and the IT access removal process. It also reviewed that Identify and Access Management policies have been implemented and disseminated to all ODOT employees. *(nearing completion)*

Carryover Audit Work	Description
Public Records Requests	Audit will look at the process for public records requests to determine if they are being responded to timely, completely, and adhere to requirements. *(starting soon)*
DMV Driver Suspensions	Audit will review the decision-making process for a driver suspension for consistency and accuracy of data relied on. *(starting soon)*
Project Labor Agreement	Audit coverage will include a real-time review of the project labor agreement on the Newberg-Dundee project. Focused on understanding the impacts of the department's first project labor agreement. *(ongoing)*
Interstate Bridge Replacement Program (IBR)	Audit work is being coordinated with the Washington Department of Transportation's Internal Audit team. ODOT is leading an audit in 2026 that will review IBR's oversight of the General Engineering Consultant with a focus on timeliness of deliverables and contract negotiations. *(ongoing)*

Follow-up Audit Work

Several audits are planned for follow-up this year as described below:

Follow-up Audit Work	Description
Budget & Capital Planning	Follow-up to report 25-02, *ODOT Has Taken Steps to Improve the Budget Development Process, but More Actions Are Needed.* The audit will review actions taken and may include additional scope related to the budget development process.
Prompt Payments to Subcontractors	The follow-up will review the actions taken to implement recommendations from report 25-03*, ODOT Taking Steps to Implement New Subcontractor Payment Monitoring and Reporting Process, but Additional Actions Needed.*
Partial Payment Process	The follow-up will review the actions taken to implement recommendations from report 25-04*, ODOT Has Reduced Processing Time for A&E Invoices; however, the Accelerated Payment Process May Not Be as Effective as Planned.*

New Audit Topics

The following are new audit topics to draw from as resources allow:

Potential New Audit Work	Description
Multi-Modal Funding	The audit would review how ODOT manages state and federal funding for its multi-modal programs.
Rose Quarter Expenditures	The audit may review project expenditures to determine if they are appropriate and compliant with funding sources.
Continuity of Key Operations	This audit would look at steps taken to support the delivery of critical programs and services pending agency funding impacts. Coverage may include assessing whether planning, controls, and decision-making processes are in place to prioritize key operations and minimize service impacts.
Agency Funding Needs	The audit would review the methodology used to identify and estimate costs in ODOT's 2024 report *Transportation Funding Needs.*
Medium Duty Truck Registrations	The audit would review how DMV registers trucks that pay registration fees based on weight and are not eligible for passenger plates.
Management & OTC Requests	Potential for additional topics that may arise during the year.