



## **2022–2023 Audit Plan**

Marlene Hartinger, Chief Auditor

Auditors:

James Hanseling

Laura Johnston

Jim Fleck

John Haney

Ben Haley

Meredith Frisius

Reviewed by the Executive Strategy Team: December 7, 2021  
Adopted by Oregon Transportation Commission: January 20, 2022

## Table of Contents

|   |   |
|---|---|
| <a href="#">Overview</a> .....                                  | 1 |
| <a href="#">Audit Plan Topics</a> .....                         | 3 |
| <a href="#">2022–2023 Audit Plan Topics</a> .....               | 4 |
| <a href="#">Risk Areas Not Included in the Audit Plan</a> ..... | 6 |
| <a href="#">Risk Assessment Methodology</a> .....               | 7 |

## Overview

The descriptions and broad objectives in this plan are starting points for audits that we anticipate will be assigned in the 2022–2023 calendar years. The topics are based on discussions with ODOT management and stakeholders, research, and our judgment of the most effective deployment of audit resources.

Topics identified and time allocated in the plan may be altered due to emerging risks or other factors. Decisions to add/remove topics or re-allocate hours are made at the discretion of the Chief Auditor with consideration of management and Oregon Transportation Commission (OTC) input. Additionally, once an audit is underway, the scope and objectives may change during the preliminary phase as auditors get updated information and prepare a detailed work plan. This may impact the number of hours spent completing an audit.

The descriptions and broad objectives in this plan are starting points for audits that we anticipate will be assigned in 2022-23. The topics are based on discussions with ODOT management and stakeholders, research, and our judgment on the most effective deployment of audit resources. Audit work is broken down into five categories shown below:

- Carryover – audit work from the last plan that has yet to be completed.
- Follow-up – audit work done to review management actions taken to resolve audit findings.
- Planned – new audit topics based on results from the 2021 risk assessment.
- Management and OTC Requests – time allotted for projects that are requested by the OTC or management.
- Required – work that is a requirement from an agreement, rule, or statute
- Annual – two types of routine work that is completed each year:
  - Routine follow-up – follow-up on completed projects, monitoring implementation status, and determining when further follow-up should be done.
  - Risk assessment – interviews with internal staff and external stakeholders and research to develop topics for the audit plan.

The 2020-21 Audit Plan included three topics that we did not start due to adjustments in project hours and staffing changes. The list below notes which projects and the action to be taken for the 2022-23 Plan:

- *Rose Quarter Project* was moved to our monitoring list.
- *HB 2017 Implementation* will be carried forward to this plan.
- *Construction Contract Administration* will have the planned scope considered in other audit projects.

## Strategic Action Plan Alignment

Planned audit topics were matched against the three priorities included in ODOT’s Strategic Action Plan – equity, modern transportation system, sufficient and reliable funding. The table below shows which priorities the planned audits fall under:

| Planned Audit   | Equity | Modern Transportation System | Sufficient and Reliable Funding |
|---|--------|------------------------------|---------------------------------|
| Consultant Oversight on Project Delivery              |        | ✓                            |                                 |
| Commerce and Compliance Audit Program                 |        |                              | ✓                               |
| Office of Urban Mobility                              |        | ✓                            |                                 |
| Compliance with Environmental Regulations             |        | ✓                            |                                 |
| Disadvantaged Business Enterprise Contracts and Usage | ✓      |                              |                                 |
| Equitable Engagement Compensation Program             | ✓      |                              |                                 |
| HB 2017 Implementation                                |        | ✓                            | ✓                               |
| IT Project Implementation                             |        | ✓                            |                                 |
| Active Transportation Funding                         |        |                              | ✓                               |
| IT Security   |        | ✓                            |                                 |

| Audit Plan Topics                              | CY 2022      | CY 2023      |
|--|--------------|--------------|
| <b>Carryover Audit Work</b>                    |              |              |
| DMV MPG Ratings                                | 400          |              |
| A&E Consultant Partial Pay Program             | 700          |              |
| ADA Curb Ramps                                 | 900          |              |
| Project Delivery Initiative Implementation     | 450          |              |
| STIP Portfolio Management                      | 600          |              |
| Amtrak Cost Sharing                            | 1000         |              |
| <b>Carryover Subtotal</b>                      | <b>4,050</b> |              |
| <b>Follow-up Audit Work</b>                    |              |              |
| <i>Included in other audits</i>                |              |              |
| <b>Follow-Up Audit Work Subtotal</b>           | <b>0</b>     | <b>0</b>     |
| <b>Planned Audit Work</b>                      |              |              |
| HB 2017 Implementation                         | 1050         |              |
| Equitable Engagement Compensation Program      | 500          |              |
| Commerce and Compliance Audit Program          | 900          |              |
| Consultant Oversight in Project Delivery       | 650          | 650          |
| Office of Urban Mobility                       |              | 900          |
| Compliance with Environmental Regulations      |              | 1200         |
| DBE Contracts and Usage                        |              | 1200         |
| IT Project Implementation                      |              | 750          |
| Active Transportation Funding                  |              | 1350         |
| IT Security*                                   |              | 900          |
| <b>Planned Audit Work Subtotal</b>             | <b>3,100</b> | <b>6,950</b> |
| <b>Management &amp; OTC Requests</b>           |              |              |
| Available Hours                                | 750          | 750          |
| <b>Management Requests Subtotal</b>            | <b>750</b>   | <b>750</b>   |
| <b>Required Work</b>                           |              |              |
| DAS Procurement Delegation 639-11              | 200          |              |
| <b>Required Work Subtotal</b>                  | <b>200</b>   | <b>0</b>     |
| <b>Annual Audit Work</b>                       |              |              |
| Routine Follow-up                              | 50           | 50           |
| Risk Assessment                                | 50           | 450          |
| <b>Annual Audit Work Subtotal</b>              | <b>100</b>   | <b>500</b>   |
| <b>Total Available Audit Hours<sup>+</sup></b> | <b>8,200</b> | <b>8,200</b> |

\*This audit topic may carry over into calendar year 2024.

+See the methodology on page seven for how the total number of available audit hours was calculated.

## 2022–2023 Audit Plan Topics

| Carryover Audit Work                       | Description  | Estimated Hours |
|--|--|-----------------|
| DMV MPG Ratings                            | The audit is reviewing the methodology used by DMV to determine the mile per gallon (MPG) rating for vehicles in implementing increased registration fees.   | 400             |
| A&E Consultant Partial Pay Program         | This is a real-time audit of the new program for partial payment of A&E consultant invoices to expedite the disbursement of funds.   | 700             |
| ADA Curb Ramps                             | This is a real-time audit where we will examine the costs associated with the design and construction of ADA curb ramps.   | 900             |
| Project Delivery Initiative Implementation | The audit is reviewing recently implemented initiative(s) by the Statewide Project Delivery Branch to determine effectiveness of changes and standardization of practices statewide.   | 450             |
| STIP Portfolio Management                  | This audit is reviewing how much the STIP changes once adopted and identify common drivers for the changes.  | 600             |
| Amtrak Cost Sharing                        | The audit would review the cost allocation and agreement outcomes between ODOT, Amtrak, and the Washington Department of Transportation.   | 1000            |
| Follow-up Audit Work                       | Description  | Estimated Hours |
|  | <i>Follow-up work will be included in other audits.</i>  |                 |
| Planned Audit Work                         | Description  | Estimated Hours |
| HB 2017 Implementation                     | The House Bill gave ODOT multiple initiatives and an audit would review implementation efforts taken by ODOT. Areas of potential focus include the transparency and accountability provisions of the bill and use of funding.                | 1050            |
| EECP Program                               | An audit of the Equitable Engagement Compensation Program (EECP) may include a review how feedback is being used in project decisions and the expenditure controls.  | 500             |
| Commerce and Compliance Audit Program      | The audit would review the methodology used in selecting carriers (trucking firms) to audit and the process used to review records.  | 900             |
| Consultant Oversight in Project Delivery   | Review ODOT’s oversight of consultants in preliminary engineering and construction engineering with a potential focus on managing costs, ensuring quality work, and timely deliverable completion. This audit may be done in multiple parts. | 1,300           |

|   |   |                        |
|---|---|------------------------|
| Office of Urban Mobility                  | The Office of Urban Mobility is delivering several of the department's key projects and initiatives. Areas that may be considered for review include contracting, resourcing, and the control structure.  | 900                    |
| Compliance with Environmental Regulations | The audit would review compliance with environmental regulations during preliminary engineering and coordination between regions and the Engineering & Technical Services Branch.   | 1,200                  |
| DBE Contracts and Usage                   | Review the Disadvantaged Business Enterprise (DBE) program with potential scope looking at meeting contract goals, use of DBE firms on ODOT contracts, subcontractor progress payments, and certified payroll. Scope will include follow-up to audit report 17-03 <i>DBE Program Shows Progress, Needed Improvements Remain</i> . | 1,200                  |
| IT Project Implementation                 | Review recent IT projects implemented to determine if the intended value has been realized along with how the project managed the schedule, scope and budget. Scope will include follow-up to audit report 16-01 <i>Information Technology Projects: Better Demonstrating Value</i> .   | 750                    |
| Active Transportation Funding             | The audit may look at how funding for transit and bicycle & pedestrian programs has been used to improve access to service and improve facilities.  | 1,350                  |
| IT Security                               | The audit may focus on IT business continuity and how ODOT manages IT security for the agency.  | 900                    |
| <b>Required Work</b>                      | <b>Description</b>  | <b>Estimated Hours</b> |
| DAS Procurement Delegation                | Review of OPO's compliance with the terms of DAS procurement delegation agreement 639-11 as required by the agreement.  | 200                    |
| <b>Management &amp; OTC Requests</b>      | <b>Description</b>  | <b>Estimated Hours</b> |
| Pending                                   | Time allotted for management and OTC requests.  | 1,500                  |
| <b>Annual Audit Work</b>                  | <b>Description</b>  | <b>Estimated Hours</b> |
| Routine Follow-up & Monitoring            | This will be time spent by auditors following-up on completed projects, monitoring implementation status, and determining when further follow-up work should be done.   | 100                    |
| Risk Assessment                           | We will update the audit plan at the end of CY 2022 and conduct a full risk assessment in the summer of 2023 to develop the next biennial audit plan.   | 500                    |

## Risk Areas Not Included in the Audit Plan

We included as many audit topics on the 2022-2023 Audit Plan as we have resources to address. However, if time allows and resources are available, the following topics could be included in the audit plan. The first three topics will be monitored and may be prioritized over planned work as the projects progress. The remaining topics are not in a priority order.

| Additional Audit Topics            |  |                 |
|------------------------------------|--|-----------------|
| Risk Area                          | Description  | Estimated Hours |
| I-5 Bridge Project                 | The I-5 bridge project has advanced to early planning efforts. An audit may review cost allocation, risk management, and governance.   | 500             |
| Rose Quarter Project               | Time held for audit work related to the Rose Quarter project which could include items such as contract administration and project controls. Work would be scoped on an ongoing/real-time basis. | 500             |
| ConnectOregon Transload Facilities | The two transload facility projects are in process. A review may cover meeting the agreement scope of work and appropriateness of reimbursed project costs.                                      | 500             |
| HR Recruitment                     | An audit may look at how affirmative action goals and diversity in hiring is considered during agency recruitments   | 1,200           |
| Employee Safety                    | The audit would review consistency of safety practices across ODOT, communication of safety decisions and initiatives, and impact of recent organizational changes.                              | 900             |
| Fleet Utilization                  | Review utilization and make-up of the ODOT fleet for opportunities for cost-saving and reducing environmental impact.  | 500             |
| Emergency Management               | Review preparedness across the agency for consistency and alignment with statewide plan.   | 900             |
| Modern Work Environment            | Review implementation of work place changes for consistency, opportunities to broaden adoption, and reduce the agency footprint.   | 600             |
| Inventory Management               | Review inventory management systems and processes for materials and small tools/work equipment   | 950             |



## Risk Assessment Methodology

The purpose of the risk assessment is to create an audit plan based on an evaluation of risks that have the potential to interfere with ODOT's ability to achieve its mission. To prepare the biennial audit plan we:

- Reviewed our previous risk assessment conducted in 2019 and the updated audit plan from 2020.
- Completed 60 interviews with ODOT staff and stakeholders:
  - 37 interviews with ODOT, which consisted of executive leadership, operational management, and staff.
  - We also obtained input from the following stakeholders:

|  |   |
|--|---|
| ▪ Oregon Transportation Commission Members                     | ▪ Service Employees International Union Representatives (SEIU 503 – Oregon) |
| ▪ Continuous Improvement Advisory Committee Members            | ▪ League of Oregon Cities   |
| ▪ Area Commissions on Transportation Chairs (two)              | ▪ Association of Oregon Counties  |
| ▪ Public Transit Advisory Committee Chair                      | ▪ Rail Advisory Committee Chair   |
| ▪ Freight Advisory Committee Chair                             | ▪ Oregon Legislative Fiscal Office  |
| ▪ National Association of Minority Contractors (Oregon)        | ▪ Oregon Department of Justice  |
| ▪ Association of Engineering Employees Representative (Oregon) | ▪ Secretary of State Audits Division  |
|  | ▪ National Highway Traffic Safety Administration                            |
|  | ▪ Federal Highway Administration (Oregon)                                   |
|  | ▪ Federal Motor Carrier Safety Administration                               |
- Identified audit resources, based on a staffed internal audit section of 6 FTE. We estimated 8,200 hours are available each year for audit work. This total is based on adjusting for hours not directly attributable to specific audits such as leave, continuing professional education, non-audit consulting, and other indirect activities. We estimate these indirect hours account for 35 percent of an auditor's time.

Based on this information, we developed potential audit topics and objectives. We eliminated topics that were not auditable, that were not high risk, or that were already being addressed through management actions. Of the remaining topics, we included as many of the audit topics on the 2022-2023 Audit Plan as we have the resources to address. Other risk areas were identified as potential audit topics should time permit.