



## **2024–2025 Audit Plan**

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## Overview

The descriptions and broad objectives in this plan are starting points for audits that we anticipate will be assigned in the 2024–2025 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 the schedule in the plan may be altered due to emerging risks or other factors. Decisions to add/remove topics or adjust priorities 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 level of effort to complete an audit.

Audit work is broken down into six 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 2023 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 are 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 2022-23 Audit Plan included four 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 2024-25 Plan:

- *Urban Mobility Office* was moved into the Construction Contract Cost Increases audit.
- *Compliance with Environmental Regulations* was carried forward to 2024.
- *Innovative Mobility Program* was moved to our monitoring list.

## Strategic Plan Alignment

Planned audit topics were matched against the six foundational goals included in ODOT's Strategic Action Plan. The table below shows which goals the planned audit falls under.

| Planned Audits                        | Sustainability and Climate Action | Social Equity | Safety | Mobility | Economic and Community Vitality | Stewardship of Public Resources |
|---------------------------------------|-----------------------------------|---------------|--------|----------|---------------------------------|---------------------------------|
| Interstate Bridge Replacement Program |                                   |               | ✓      | ✓        | ✓                               | ✓                               |
| Environmental Compliance              | ✓                                 |               |        |          |                                 | ✓                               |
| Project Delivery Impacts              |                                   |               | ✓      | ✓        |                                 |                                 |
| Office of Equity & Civil Rights       |                                   | ✓             |        |          | ✓                               | ✓                               |
| Construction Contract Cost Increases  |                                   |               |        |          |                                 | ✓                               |
| IT Security                           |                                   |               |        |          |                                 | ✓                               |
| Tolling                               | ✓                                 |               |        |          | ✓                               | ✓                               |
| Public Transit Division               | ✓                                 |               |        | ✓        | ✓                               |                                 |
| ODOT Climate Efforts                  | ✓                                 |               |        |          |                                 |                                 |
| Delegation Orders                     |                                   |               |        |          |                                 | ✓                               |
| DMV Driver Suspensions                |                                   | ✓             |        |          | ✓                               |                                 |
| Equity and Contracting                |                                   | ✓             |        |          | ✓                               | ✓                               |
| Public Records Requests               |                                   |               |        |          |                                 | ✓                               |
| Community Engagement                  |                                   | ✓             |        |          | ✓                               | ✓                               |

## 2024 Audit Plan Topics

| Planned Audit Work                       | Description   |
|--|---|
| Interstate Bridge Replacement Program    | Audit work is being coordinated with the Washington Department of Transportation's Internal Audit team to prioritize topics as the IBR moves forward. Audit work is planned for 2024 and may be on-going.   |
| Environmental Compliance                 | The audit would review compliance with environmental regulations during projects and coordination across ODOT and with Tribes.  |
| Project Delivery Impacts                 | The audit will consider the impact of projects being reviewed by the Mobility Advisory Committee regarding staff time, scope adjustments, and impacts to budget and schedule.   |
| Office of Equity and Civil Rights (OECR) | The audit may review recent efforts taken by OECR to further ODOT's goal to prioritize diversity, equity, and inclusion to ensure all Oregonians benefit from transportation services and investment.   |
| Construction Contract Cost Increases     | An audit would review the drivers for recent increases to construction contracts and efforts taken by ODOT to mitigate cost increases.  |
| Information Technology (IT) Security     | We will perform a risk assessment to select one or more IT audit topics. Potential topics include but are not limited to access controls; identification and authentication; configuration management; emergency response and disaster recovery; third party management; and data governance. |

## 2025 Audit Plan Topics

| Planned Audit Work      | Description   |
|-------------------------|---|
| Tolling                 | Review ODOT's efforts to prepare and ensure that it is ready to launch its tolling program, including proper testing that the system works.                             |
| Public Transit Division | An audit could include reviewing the division's oversight of transit providers, grant management, and internal processes.   |
| ODOT Climate Efforts    | An audit could review ODOT's efforts to meet its stated climate goals and alignment across the agency to work towards incorporating climate impacts in decision making. |

## 2025 Audit Plan Topics (Continued)

| Planned Audit Work      | Description   |
|-------------------------|---|
| Delegation Orders       | The audit would review the process for how delegation orders are set and managed to determine if all necessary authorities are addressed and consistency in language.   |
| DMV Driver Suspensions  | An audit may review the decision-making process for a driver suspension for consistency and accuracy of data relied on.   |
| Equity and Contracting  | The audit scope could include multiple areas related to ODOT's efforts to bolster equity in contracting such as DBE certification, small business development, and direction from the Governor's Executive Order 22-15. |
| Public Records Requests | Review the process for public records requests to determine if they are being responded to timely, completely, and adhere to requirements.  |
| Community Engagement    | An audit may look at engagement on a project level including utilization of the Community Engagement Toolkit, engagement with Tribes, and how feedback is used by agency staff.   |
| Department of Aviation  | Potential areas include grant monitoring, procurement processes and delegation authority.   |
| Follow-up Audit Work    | Description   |
| A&E Contract Timeliness | The follow-up will review the actions taken to implement recommendations from report 21-03, <i>A&amp;E Procurement Timeliness Impacted by Slowdowns</i> .   |

## Annual Topics for 2024 and 2025

| Management & OTC Requests      | Description   |
|--------------------------------|---|
| Pending                        | Time allotted for management and OTC requests.  |
| Annual Audit Work              | Description   |
| 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. |
| Risk Assessment                | We will update the audit plan at the end of CY 2024 and conduct a full risk assessment in the fall of 2025 to develop the next biennial audit plan.                   |

## Carryover Audit Work

The audits below are carryover from the prior plan that are still in process. Most of the audits are wrapping up and in the reporting phase.

| Carryover Audit Work                           | Description  |
|--|--|
| A&E Partial Pay                                | The audit is reviewing the change approach taken to implement partial pay, determining if control processes designed appropriately, implemented, and effective; and whether the process change met the intended goal of getting payments to subcontractors faster. |
| ADA Curb Ramp Cost Estimates                   | The audit is working to answer three questions: what are the costs with curb ramp construction, are costs trending down as anticipated, and are there specific costs that are higher than expected?  |
| Subcontractor Payment Monitoring and Reporting | The audit is determining the state of the current system to monitor paid summary reports and will identify control weaknesses that should be addressed before implementing the new process.  |
| Pavement Management Follow-Up                  | This audit is a follow up on the recommendations made in report 21-02 to determine whether management's response addressed the control weaknesses identified during the audit.   |
| HB 2017 Implementation                         | The scope will review the status of named construction projects and identify changes to scope, schedule, and budget. Also included is ODOT's oversight of public transit funding.  |
| Active Transportation Funding                  | The audit is reviewing multiple facets of active transportation including calculating spend, barriers to including bicycle and pedestrian facilities in projects, and how equity informed projects in the 2024-27 STIP.  |
| Community Workforce Agreements                 | This is a real time audit of ODOT's community workforce agreement pilot projects and is in the planning stage with final objectives to be determined.  |
| Region 1 Homeless Camp Clean-Up                | The audit is in the planning stage and may include review of how Region 1 is in ensuring terms of an intergovernmental agreement with the City of Portland are being followed.   |

## Risk Areas Not Included in the Audit Plan

We included as many audit topics on the 2024-2025 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 topics are not in a priority order.

| Additional Audit Topics     |  |
|-----------------------------|--|
| Risk Area                   | Description  |
| 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.                 |
| Road Usage Charging         | Review the agency's preparedness to transition to a mandatory program.   |
| Succession Planning         | Review the agency's efforts to implement succession planning including identifying & documenting key processes, staff knowledge transfer, and training.  |
| Workday                     | Review impacts to potential limitations in the system and ability incorporate into ODOT workflows and processes.   |
| IT Governance               | Determine if the agency has implemented a prioritization process for IT investments that is consistent and transparent to business lines.  |
| Crash Data                  | An audit would review crash data processing timeliness, accuracy, and management of sensitive data.  |
| Innovative Mobility Program | The audit may review the procedures and initial grant awards for alignment with program goals that include improving access to public transportation, reducing car trips, and reducing greenhouse gas emissions. |
| HR Recruitment              | An audit may look at how affirmative action goals and diversity in hiring is considered during agency recruitments   |
| Employee Safety             | The audit would review consistency of safety practices across ODOT, communication of safety decisions and initiatives, and impact of recent organizational changes.  |
| Emergency Management        | Review preparedness across the agency for consistency and alignment with statewide plan.   |
| Inventory Management        | Review inventory management systems and processes for materials and small tools/work equipment   |

## 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 2021 and the updated audit plan from 2022.
- Completed 68 interviews with ODOT staff and stakeholders:
  - 46 interviews with ODOT, which consisted of executive leadership, operational management, and staff.
  - We also obtained input from the following external partners:

|   |   |
|---|---|
| ▪ Oregon Transportation Commission Members                                  | ▪ League of Oregon Cities                             |
| ▪ Continuous Improvement Advisory Committee Members                         | ▪ Association of Oregon Counties                      |
| ▪ Area Commissions on Transportation Chair                                  | ▪ City and County Staff (4 cities and 1 county)       |
| ▪ National Association of Minority Contractors (Oregon)                     | ▪ Oregon Legislative Fiscal Office                    |
| ▪ Association of Engineering Employees Representative (Oregon)              | ▪ Oregon Department of Justice                        |
| ▪ Service Employees International Union Representatives (SEIU 503 – Oregon) | ▪ Secretary of State Audits Division                  |
|   | ▪ Nation Highway Traffic Safety Administration        |
|   | ▪ Federal Highway Administration                      |
|   | ▪ Federal Motor Carrier Safety Administration         |
|   | ▪ American Council of Engineering Companies of Oregon |

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 2024-2025 Audit Plan as we have the resources to address. Other risk areas were identified as potential audit topics should time permit.

Additionally, ODOT provides internal audit services to the Department of Aviation. Included in the plan is an allocation for this audit work. Aviation management provided input on potential topics.