

# Office of Audits

## Audit Work Plan – Period of January 1, 2017 thru June 30, 2018



Authorized by:



Josh Nix, CPA, CFE, CGFM  
Administrator  
Office of Audits

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**One Georgia Center, 600 West Peachtree Street, NW  
Atlanta, GA 30308  
Telephone: 404-347-0311  
[www.dot.ga.gov](http://www.dot.ga.gov)**

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## EXECUTIVE SUMMARY

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We are pleased to present the results of the Office of Audits annual risk assessment and Audit Plan development efforts. Our Audit Plan is risk-based to provide effective coverage of the Georgia Department of Transportation's (Department) programs and contracts with outside entities. Our risk analysis is based on input from Department management and Audit staff. The activities outlined in our Audit Plan address the major operations of the department, optimize the use of our resources, and assist with the transparency of the Department's operations.

Additionally, we allocated 10 percent of our audit resources for projects that you, executive management, or senior management may request during the period covered by the Audit Plan.

## RISK ASSESSMENT PROCESS

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Professional audit standards require us to develop risk-based annual and long-term audit plans based on input from senior management and availability of audit resources. We developed our Audit Work plan utilizing a four step risk assessment process.

Step 1: We defined our audit universe (based on 33 key offices/functions) as follows:

1. Budget Services
2. Financial Management
3. General Accounting
4. Intermodal
5. Materials
6. Construction
7. Bidding Administration
8. Program Delivery
9. Program Control
10. Innovative Delivery
11. Transportation Data
12. Utilities
13. Traffic Operations
14. Maintenance
15. Environmental Services
16. Roadway Design
17. Bridge Design & Maintenance
18. Right of Way
19. Design Policy & Support
20. Engineering Services
21. TIA
22. Organizational Performance Management
23. Local Grants
24. Field Services/Districts
25. Audits
26. Government & Legislative Relations
27. Communications
28. Legal Services
29. EEO
30. Procurement
31. Information Technology
32. Planning
33. Human Resources

Step 2: We conducted interviews of department management, including Executive Management, Division Heads, Office Heads, and District Engineers. We documented the interviews which focused on the managers identifying their major risks, areas of concern, and possible audit topics. We utilized a risk assessment questionnaire (developed internally) for the interviews, which included eight risk factors (Operational Impact, Financial Impact, Regulation/Compliance Impact, Complexity of Operations, Policies and Procedures, Performance Measures/Goals, Degree of Change/Stability, Theft/Fraud) which were ranked on a scale of 1-5 (1 = low risk, 5 = high risk).

Step 3: We analyzed the information obtained from management and the Department's systems, developed a risk matrix, and prepared a draft plan for consultation with the Commissioner and executive management. This draft plan took into account the risk assessment responses, risk factor ranking, and prior year audits requiring follow up.

Step 4: We consulted with the Commissioner and executive management, obtained a list of audit priorities from the Commissioner and executive management, made adjustments to the audit work plan as necessary, and finalized the Audit Work Plan based on the available number of audit staff hours.

## COMMISSIONER/EXECUTIVE MANAGEMENT PRIORITY AUDIT TOPICS

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<b>Office/Audit Topic</b>	<b>Description</b>
Office of Bidding Administration <i>Prequalification and Bidding Process Review</i>	We would review the contractor prequalification and bidding processes for construction projects to determine compliance with internal policies and procedures and state and federal requirements.
Office of Budget Services <i>Budgetary Compliance – HB 170</i>	We would verify HB 170 funds were utilized for their intended purpose at the budgetary level in accordance with internal directives.
Offices of Procurement/Maintenance <i>Maintenance Contract Review – HB 170</i>	We would verify the prequalification, contracting, and payment processes for maintenance contracts funded with HB 170 monies are operating in accordance with internal policies and procedures and state regulations.
Office of Equipment Management <i>Equipment Management Process Review</i>	We would verify the internal process for procuring, maintaining, tracking, and accounting for equipment meets all internal policies and procedures and state and federal requirements.
Office of Employee Relations and Safety <i>Safety Program</i>	We will verify the new safety program has been implemented across the Department in accordance with internal policies and procedures.
Office of Materials and Testing <i>OMAT – Documentation Review</i>	We will verify the required level of documentation was maintained by OMAT for construction projects in accordance with internal policies and procedures and federal rules and regulations.
Office of Financial Management <i>Federal Billing Process Review</i>	We would review the federal billing process to verify all internal policies and procedures are being followed and Federal requirements are being met.
Office of Environmental Services <i>Policy and Procedure Review</i>	We would verify that policies and procedures are in place to ensure compliance with industry standards and federal rules and regulations.

## AUDIT WORK PLAN & TOPICS

The Audit Work Plan provides broad audit coverage and focuses audit resources on areas of greatest risk. We have assigned resources to provide audit coverage for the Department’s internal operations, contracts with contractors and consultants, and agreements associated with local governments, utility companies, transit providers, and others.

### *Office of Audit’s Resources*

The Office of Audits currently has a full-time audit staff<sup>1,2</sup> of 10 auditors totaling 20,250<sup>3</sup> hours in available audit project hours for the current Audit Work Plan period (January 2017 thru June 2018). We allocated 14,175 hours (70%) to audit topics carried forward from prior years and audit topics noted by the commissioner and the risk assessment process. We allocated 4,050 hours (20%) to reviews/activities classified as non-audit advisory services. We allocated the remaining 2,025 hours (10%) to Special Assignments which are audit or advisory services requested by Division management or Executive management during the Audit Work Plan period but were not previously reflected in the Audit Work Plan.

1The Audit Administrator in addition to oversight is also an audit resource that can be used to achieve planned projects.

2 CPA Consultants also will be utilized to offset staffing resources

3Total available hours less training hours, administrative hours, anticipated annual/sick leave, and holidays for 18 months

Sixty-eight (68) audit engagements are listed below:

Office/District	Topic	Type*
Office of Bidding Administration	<i>Prequalification and Bidding Process Review</i>	Risk Assessment
Office of Materials and Testing	<i>OMAT Documentation Review</i>	Risk Assessment
Office of Planning	<i>Gainesville-Hall MPO - Local In Kind Match Review</i>	Carry Forward
	<i>MPO Work Program/Contracts Review</i>	Risk Assessment
Office of Traffic Operations	<i>HERO Program – Safety/Documentation Review</i>	Risk Assessment
	<i>Invoice Review – Regional Traffic Operations Program</i>	Risk Assessment
Office of TIA	<i>TIA – Payment/Project Closeout Review</i>	Risk Assessment
Office of Environmental Services	<i>Policy and Procedure Review</i>	Risk Assessment
Office of Equipment Management	<i>Equipment Management Review</i>	Risk Assessment
Office of Safety	<i>Safety Program</i>	Risk Assessment
Office of Organizational Performance Management	<i>SPR/Research Contract Review</i>	Risk Assessment

Office of Procurement	<i>Operational Purchasing Review</i>	Risk Assessment
	<i>Consultant Prequalification Review</i>	Risk Assessment
Office of Procurement / Maintenance (HB 170)	<i>Maintenance Contract Review - HB170</i>	Risk Assessment
Office of Procurement	<i>Purchase Card Program Review</i>	Recurring
Office of Budget Services	<i>Budgetary Compliance – HB 170</i>	Risk Assessment
Division of Finance	<i>Performance Audit – Financial Internal Controls</i>	Risk Assessment
Office of Financial Management	<i>Federal Billing Process Review</i>	Risk Assessment
	<i>Inactive Project Review</i>	Risk Assessment
	<i>Matching/Local Cash Participation Review</i>	Risk Assessment
	<i>Bond Expense Eligibility Review</i>	Risk Assessment
Office of Human Resources	<i>Human Resources – Documentation Review</i>	Risk Assessment
Office of Engineering Services	<i>Engineering Services – Process Review</i>	Risk Assessment
Office of Right of Way	<i>Right of Way Process Review</i>	Risk Assessment
Office of Intermodal	<i>Subrecipient Risk Assessment Process Review – Intermodal</i>	Recurring
	<i>Macon Transit Authority – Compliance Audit Follow-up</i>	Ongoing
	<i>Habersham County Airport – Compliance Audit</i>	Risk Assessment
	<i>Cowetta County Airport - Compliance Audit</i>	Risk Assessment
	<i>City of Rome Transit – Compliance Audit</i>	Risk Assessment
	<i>Coastal Regional Commission – Compliance Audit</i>	Risk Assessment
	<i>Southwest GA Regional Commission – Compliance Audit</i>	Risk Assessment
Office of the Commissioner	<i>Heavy Vehicle Use Tax Audit</i>	Recurring

Field Services (District 1)	Construction Project Review – District 1	Risk Assessment
	District 1 Asset/Inventory Review	Risk Assessment
Field Services (District 2)	Construction Project Review – District 2	Risk Assessment
	District 2 Asset/Inventory Review	Risk Assessment
Field Services (District 3)	Construction Project Review – District 3	Risk Assessment
	District 3 Asset/Inventory Review	Risk Assessment
Field Services (District 4)	Construction Project Review – District 4	Risk Assessment
	District 4 Asset/Inventory Review	Risk Assessment
Field Services (District 5)	Construction Project Review – District 5	Risk Assessment
	District 5 Asset/Inventory Review	Risk Assessment
Field Services (District 6)	Construction Project Review – District 6	Risk Assessment
	District 6 Asset/Inventory Review	Risk Assessment
Field Services (District 7)	Construction Project Review – District 7	Risk Assessment
	District 7 Asset/Inventory Review	Risk Assessment
Office of Utilities	Utility Agreement Cost Audit - North GA EMC - CSSTP-0007-00(484),Whitfield	Risk Assessment
	Utility Agreement Cost Audit - Washington EMC - CSOOUUTL110519	Risk Assessment
	Utility Agreement Cost Audit - Altamaha EMC - CSOOUUTL130299	Risk Assessment
	Utility Agreement Cost Audit - Southern Natural Gas - EDS00-0000-00(346) , Baldwin/Wilkinson	Risk Assessment
	Utility Agreement Cost Audit – City of Savannah – NHS00-0002-00(921)	Risk Assessment
Office of Program Delivery (Contract Cost Audits)	Gresham Smith & Partners TOOTODES070211	Ongoing/Carry Forward
	CH2M Hill AEOCDDES060090	Ongoing/Carry Forward
	Mulkey Engineers/Calyx AEOCDDES060063	Ongoing/Carry Forward
Office of Program Delivery (Continued)	Kimley-Horn & Associates AEOCDDES060021	Ongoing/Carry Forward



	J. B. Trimble/Hatch Mott Macdonald AEUDES060068	Ongoing/Carry Forward
	KCI Technologies, Inc. AEOCDES060166	Ongoing/Carry Forward
	R.K. Shah & Associates AEOCDES100066	Risk Assessment/3 Year Cycle*
	Stantec Consulting Services, Inc. AEOPDES100224	Risk Assessment/3 Year Cycle*
	Reynold, Smith & Hills (RSH) AEOPLPLN110155	Risk Assessment/3 Year Cycle*
	Pond & Company AEOCDES060165	Risk Assessment/3 Year Cycle*
	ARCADIS US, INC. UD0501HOV089	Risk Assessment/3 Year Cycle*
	Keck & Wood, Inc. TOOPDES120208	Risk Assessment/3 Year Cycle*
	Clark Patterson & Associates, P.C. PENH0000206051	Risk Assessment/3 Year Cycle*
	AECOM TOOPDES120410	Risk Assessment/3 Year Cycle*
	Florence & Hutcheson/ICA Engineers AEOCDES060153	Risk Assessment/3 Year Cycle*
	McGee & Partners, Inc. AEOPDES120038	Risk Assessment/3 Year Cycle*
	LPA Group Inc./Michael Baker Corp. AEOCDES060047	Risk Assessment/3 Year Cycle*

\*In addition to the broad area of consultant contracts being noted in the risk assessment as an area of concern, we include consultants in a 3 Year Cycle plan to ensure coverage over each consultant contracting with the Department.

Non-Audit Advisory Services - Recurring

Audit Unit	Advisory Service	Description
Internal Audit	Subrecipient Single Audit Reviews	In accordance with Uniform Grant Guidance, assists with obtaining and reviewing subrecipient Single Audits.
	Subrecipient Cost Allocation Plan Reviews	Assists with issuing approved Indirect Cost Rates for subrecipients.
	Contractor Capacity Reviews	In accordance with GA law, ensures contractors have financial capacity to perform the work they bid on for the Department
External Audit – Procurement Services	CPA Workpaper Assessment Reviews	Assists with issuing cognizant approved Indirect Cost Rates
	Annual Review of Consultant Internal Control Questionnaires (ICQs) and Indirect Cost Rate Reports	Includes review ICQ and Indirect Cost Rate Reports and updating overhead rates within CMIS
	Pre-award Reviews, Accounting System Reviews	Reviews done on ad-hoc basis for Procurement on financial information of new consultants seeking business with the Department

## Report Distribution, Audit Team, and Restrictions

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### ***GDOT Responsible Official(s) Distribution:***

Approved by: Russell McMurry, Commissioner

### ***Information Distribution:***

Robert L. Brown, Jr., Chairman – State Transportation Board

Jamie Boswell, Vice-Chairman – State Transportation Board

Ann R. Purcell, Secretary – State Transportation Board

Mike Dover, Deputy Commissioner

Meg Pirkle, Chief Engineer

Angela Whitworth, Treasurer

Joe Carpenter, Director of P3/Program Delivery

Matthew Cline, General Counsel, Director of Administration

Carol Comer, Director of Intermodal

John Hibbard, Director of Permits and Operations

Marc Mastronardi, Director of Construction

Jay Roberts, Director of Planning

Connie Steele, Director of Finance

Joshua Waller, Director of Government and Legislative Relations

### ***Project Engagement Team:***

Project Approved by Josh Nix, CPA, CFE, CGFM – Audits Administrator

Project Supervised by Onetta Thomas, CPA – Assistant Audits Administrator

### ***Restrictions:***

Please address any question(s) regarding this report to the Office of Audits at (404) 347-0311.

*The mission of the Office of Audits is to provide independent, objective assurance and advisory services based on a systematic examination of evidence to ensure that the organization, programs, activities, and functions of the Department are operating as intended. In addition, duties performed by the Office of Audits provides reasonable assurance that federal and state costs proposed and charged to the Department via contracts and agreements with contractors, consultants, and sub-grantees are accurate, reasonable and comply with all applicable federal and state laws, regulations, and provisions of contracts.*