

TENNESSEE DEPARTMENT OF TRANSPORTATION  
OFFICE OF INTERNAL AUDIT



ANNUAL AUDIT WORK PLAN

*For the Fiscal Year  
July 1, 2013 – June 30, 2014*



July 2, 2013

TO: John Schroer, Commissioner  
Scott Black, Chief Operating Officer

Enclosed is a proposed slate of audit projects to be completed for the FY 2014. The draft work plan has identified one additional operational audit project in addition to the two projects currently active. Due to reduced audit resources, activity in two outstanding audits initiated in FY 2013 were temporarily suspended. The office foresees the resumption of audit activities once personnel vacancies are filled. Exhibit A below describes the allocation of the total 3,750 available Audit resource hours and 5,625 Integrity Team resource availability. needed to complete the audits, current investigations, and Internal Audit project initiatives for the remainder of the current fiscal year. Budgeted work hours are based on direct project hours. Actual hours spent on the projects will vary and a year-end report will be provided by the office.

**Exhibit A – Updated Audit Work Plan Allocation of Work Hours**

<i>Current Work Plan Status</i>	<i>Number of Projects</i>	<i>Budgeted Hours</i>
Proposed and Current Audits	3	4,800
TDOT Integrity Hotline Development		300
<i>Internal Audit Fraud, Waste, and Abuse Standards and Procedures Manual</i>	1	330
Current Investigations in Progress	3	500
Budgeted Investigations	2	600
Administrative, Leave, and Training		1,300
<b><i>Total Report Deliverables</i></b>	<b>7</b>	<b>7,830</b>

*Source: Office of Internal Audit Analysis*

The proposed work plan was developed after considering the current fiscal year commitments and looking into operational areas that have not been previously audited by the department.

I am requesting for a review and approval of the Revised Audit Work Plan that identifies three (3) audits and three (3) investigation projects. We also anticipate requests for two (2) additional investigations during the year and will allocate Internal Audit resources as investigative cases are opened.

**Mel Marcella**  
Director of Internal Audit

**OFFICE OF  
INTERNAL AUDIT**



**Tennessee Department of  
Transportation**

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Enclosures:

1. Attachment – Audit Work Plan for FY 2013

**ATTACHMENT  
AUDIT WORK PLAN**

		<b>Potential Audit Objectives</b>
1	<b>AU 2013-001</b> – Change Order Process and Other Contract Modifications	<ul style="list-style-type: none"> <li>• Are controls in place to ensure that change orders are managed appropriately in terms of: recordkeeping, cause, accountability, authorizations, and scope?</li> <li>• Are there geographical areas where change orders are more prevalent?</li> <li>• Are there correlations between change orders and: contract type, consultants, project management, and funding type?</li> <li>• Are change orders used to increase contract amounts?</li> </ul>
2	<b>AU 2013-002</b> – Grant Expenditures	<ul style="list-style-type: none"> <li>• Are sufficient controls in place to ensure grant awards are expended only for allowable activities?</li> <li>• Are goods and services procured in accordance with regulatory provisions?</li> <li>• Do controls over cash management ensure reimbursements are provided subsequent to costs being incurred and drawdowns are processed timely?</li> </ul>
3	<b>AU 2013-003</b> – Salt Management	<ul style="list-style-type: none"> <li>• Are controls in place to ensure that TDOT receives the correct amount of salt purchased?</li> <li>• Are controls in place to ensure TDOT salt is inventoried and secured properly?</li> <li>• Are the geographical de-icing needs addressed properly (allocation of regional purchases)?</li> </ul>

**Investigations:**

- District 33 Allegations – Procurement Improprieties
- Lawrence County Airport – Property Acquisition and Management Irregularities
- First Tennessee Human Resource Agency – Improper Use of Grant Funds

**ATTACHMENT  
AUDIT WORK PLAN**

**Staff Assignments:**

<b>Resource</b>	<b>Audit Assignments</b>	<b>Role</b>
Anne Carlisle	Salt Management	Lead Auditor
Danny Hall	Salt Management	Staff Auditor
Craig Pitts	Multi-modal Transportation Agreed Upon Procedures Review	
	Grant Expenditures and Cash Management	
Ty Decker	Contract Modifications	In Charge Auditor
Dylan Morse	Contract Modifications	Staff Auditor
Kesha Thomas	Contract Modifications	Staff Auditor
Mel Marcella	All	Quality Assurance

**Summary of Historical Resource Analysis**

*Source: Kathleen Langley, CPA – TDOT Payroll Data*