



DIVISION OF INTERNAL AUDIT  
ANNUAL AUDIT WORK PLAN  
For the Fiscal Year  
July 1, 2016 – June 30, 2017

Issued August 9, 2016



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To: Commissioner John Schroer  
 Deputy Commissioner and Chief Financial Officer Joe Galbato  
 The Office of the Comptroller of the Treasury

**Division of Internal Audit Fiscal Year 2017 Audit Plan**

The Division of Internal Audit (IA), in compliance with the requirements of *Tennessee Code Annotated* § 4-3-304 (7), presents the proposed slate of audit projects and IA services planned for the fiscal year 2017. The basis for the annual audit plan include factors such as the results of the 2015 TDOT Enterprise Risk Management, TDOT’s financial exposure, regulatory compliance requirements, time elapsed since the last audit engagement, effects on public welfare, and senior leadership concerns.

The annual audit plan is a dynamic document that is subject to change as conditions necessitate. In the event of material deviations to the proposed activities, we will provide an updated or revised plan.

**Exhibit A – Audit Work Plan Allocation of Work Hours  
 For the Period July 1, 2016 through June 30, 2017**

Engagements and Projects	Budgeted Number of Projects	Budgeted Hours
<b>Audits and Attestations</b>		
Audits in Progress	2	400
Attestations in Progress	2	400
Planned Audits and Attestation Engagements	6	7,000
<b>Special Projects</b>		
Continuous Auditing of Fuel Transactions (Quarterly Reports)	4	800
TDOT Enterprise Risk Management	1	500
Facility Security Assessments	4	2,000
<b>Other</b>		
Integrity Services	12	3,000
Education Services	-	300
<b>Cumulative Hours</b>		<b>14,400*</b>
<b>Total Estimated Report Deliverables</b>		<b>31**</b>

Source: TDOT Internal Audit

\*Budget based on a projected resource staff of eight auditors and one investigator

\*\*Includes internally generated integrity services memoranda that are closed to the file

*Exhibit A* describes the resource allocation of 14,400 available audit hours to complete ongoing and proposed audits, investigations, and IA initiatives. Budgeted work hours are estimates of direct project hours, based on current staffing levels, and do not account for division administration and addressing unplanned or nascent issues encountered during the course of the year. *Exhibit B* lists the status of audit projects and lists the prospective work plan for the current fiscal year.

**Exhibit B – Fiscal Year 2017 Audit Work Plan  
For the Period July 1, 2016 through June 30, 2017**

<b>Current Engagements (As of June 30, 2016)</b>	<b>Status</b>
<b>AU 2014-002</b> – Civil Rights Division – Audit of the DBE Process	<i>Fieldwork</i>
<b>AU 2016-001</b> – Human Resources Division – FMLA Agreed-Upon Procedures	<i>Fieldwork</i>
<b>AU 2016-002</b> – Right of Way Division – Follow-Up Performance Audit	<i>Fieldwork</i>
<b>AU 2016-003</b> – Central Services Division – Oversize & Overlimit Permitting Agreed-Upon Procedures	<i>Fieldwork</i>
<b>Planned Engagements (For the Fiscal Year 2016)</b>	<b>Potential Audit Objectives (If Applicable)</b>
<b>SP 2017-001</b> – Continuous Audit of Fuelman Transactions	<ul style="list-style-type: none"> <li>Do internal controls ensure the validity of Fuelman transactions?</li> </ul>
<b>SP 2017-002</b> – Finance Division P-Card Purchases	<ul style="list-style-type: none"> <li>Are internal controls in place to ensure all P-Card purchases represent authorized, valid, appropriately reviewed, and properly supported transactions?</li> </ul>
<b>SP 2017-003</b> – Enterprise Risk Management	<ul style="list-style-type: none"> <li>Are access rights to Site Manager appropriately controlled?</li> <li>Do processing controls support a valid business function and ensure transaction integrity?</li> </ul>
<b>AU 2017-005</b> – Performance Audit of Site Manager Application Controls	<ul style="list-style-type: none"> <li>Are contractors performing construction activities according to contract terms?</li> <li>Are TDOT procedures compliant with existing Federal, State, and Local regulations?</li> </ul>
<b>AU 2017-001 through AU 2017-004</b> – Performance Audit of Construction Activities (4)	

*Source: TDOT Internal Audit*

Thank you for your consideration,

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