

**Oregon Department of Transportation**  
**Summary of Internal and Federal Audits and Reviews**  
**July 1, 2010 – June 30, 2012**

**Internal audits and reviews completed by ODOT Audit Services**

<b>Report Title</b>	<b>Date</b>	<b>Source</b>	<b>Summary</b>	<b>ODOT Response</b>
Information Asset Classification Review	May 2012	ODOT Audit Services	The Information Security Program has made solid progress in moving ODOT into compliance with Information Asset Classification policies. We recommend performing no further audit work until the agency has achieved substantial compliance with information asset classification policy requirements. Audit Services anticipates additional audit work in this area during 2013.	Management concurs with the recommendations and agrees that audit work should follow achievement of substantial compliance.
Fiscal Year 2011 SPOTS Card Review	Sept. 2011	ODOT Audit Services	Overall, Audit Services found that the SPOTS card program complies with statewide and agency policies, however, we identified several areas in which improvements could be made. They include improvements in: (1) tracking lodging charges; (2) requiring further documentation for travel expenses for those who are not state employees (i.e. job candidates or speakers); and (3) using the declined transaction report to investigate declined transactions and monitor and discipline those who attempted to misuse their SPOTS card. Audit Services reviews the SPOTS card program annually.	Management generally agreed with the findings and recommendations. Management has taken steps to address the recommendations.
Workforce Development Program Contract Oversight	Aug. 2011	ODOT Audit Services	We conducted an audit of deliverables for the Workforce Development Program. We compared deliverables to the contract documents and found that the required deliverables had been received. We also identified areas for improvement in defining and measuring program success.	Management generally agreed with the report contents and plans to incorporate performance reviews and measurements into future contracts.
Voyager Fuel Cards: Still Vulnerable to Misuse	June 2011	ODOT Audit Services	In this report, we reviewed the implementation status of the recommendations from a prior Voyager Card audit and reviewed the internal controls over the program. We found most of the recommendations from the previous audit report have not been implemented. All of the vulnerabilities identified in the previous audit report remain unresolved, and we identified additional vulnerabilities which make Voyager cards susceptible to misuse. These vulnerabilities indicate that ODOT continues to lack basic controls to prevent and detect misuse of Voyager cards.	Management generally agreed with the report findings. Management has begun to take actions to address the recommendations identified in the report. As of January 1, 2013 ODOT implemented an individual PIN code for all Voyager card users which will enhance program accountability.

**Internal audits and reviews completed by ODOT Audit Services, cont.**

Report Title	Date	Source	Summary	ODOT Response
Fiscal Year 2010 SPOTS Card Review	June 2011	ODOT Audit Services	In the previous years' audit, Audit Services found that overall the SPOTS card program had adequate internal controls, continuous monitoring of transactions, and has complied with state and agency policies. In this follow-up audit, we found that no changes had been made to key program controls, and all of the recommendations from the previous audit had been implemented except for the recommendation to track and promptly update changes in supervisors.	Management agreed with the findings and recommendation. Management has implemented the recommendation.
Deficiencies Noted in the Workforce Development Program's Payment Processes	April 2011	ODOT Audit Services	We found Office of Civil Rights' (OCR) controls over the payment processing system for the Workforce Development Program (WDP) were not adequate. Specifically we found that the invoice review process was unclear; controls established in Major Projects Branch's expedited payment process were not used by OCR; OCR's use of the expedited payment process was not in compliance with the Oregon Accounting Manual; and the IGAs between ODOT and WDP partners lacked important elements to protect ODOT's interests. As of Aug. 2011, all recommendations were either in progress or no longer applicable.	Management generally agreed with the report and recommendations. Management has addressed all applicable recommendations.
Oregon Wireless Interoperability Network: Controls Needed in Partnership and Site Acquisition Processes	Nov. 2010	ODOT Audit Services	Overall, we found that controls over site acquisition and partnership processes were inadequate and serious implementation problems existed at most of the sites we reviewed. We also found that the value of partnerships could not be demonstrated with existing information. As of July 2012, Audit Services found that State Radio Project Management had made substantial progress in implementing the recommendations from the previous audit including improving project oversight, strengthening site acquisition policies and procedures, and no longer reporting the value or equity of partnerships. Audit Services identified some areas where additional controls would further improve project accountability.	As of Nov. 2012, management has completed all recommended actions.
Employee Separation Follow-up: Lack of Management Action Following Separation of Employees Continues	July 2010	ODOT Audit Services	In this follow-up audit, we found that although some of our prior recommendations have been implemented, many of the identified issues remain unresolved. The main reason is that managers are still not notifying the necessary units within a reasonable time.	As of April 2011, ODOT had made a number of changes to address all of the issues identified in the report.

**Internal audits and reviews completed by ODOT Audit Services, cont.**

<b>Report Title</b>	<b>Date</b>	<b>Source</b>	<b>Summary</b>	<b>ODOT Response</b>
Construction Quality Assurance: Structure Provides Checks and Balances but Improvements Would Strengthen Construction Oversight	July 2010	ODOT Audit Services	Overall, we found that ODOT had structured the QA Program to provide a reasonable system of checks and balances that help ensure accountability by having the process cross organizational lines. We also identified some opportunities for improvement.	As of Dec. 2012, Audit Services found that all of the recommendations from the report had either been implemented or were in the process of being implemented.

**Reviews completed by the Federal Highway Administration (FHWA)**

<b>Report Title</b>	<b>Date</b>	<b>Source</b>	<b>Summary</b>	<b>ODOT Response</b>
2012 Financial Integrity Review and Evaluation Review- Project Authorization of State Administered Projects	May 2012	FHWA Oregon Division	FHWA found ODOT Program and Funding Services Unit lacks the necessary written policies and procedures necessary to guide and govern its critical work activities. ODOT's Bridge staff, together with the Oregon Division Bridge Engineer, has made significant progress in developing a system to ensure Federal-aid projects with Highway Bridge Program (HBP) funds include only eligible items. More work is necessary to ensure a list of HBP eligible items is included in the STIP Development Manual. ODOT lacks a quality review program to ensure Federal-aid project actions submitted to our office for approval are complete and free from error.	ODOT has taken steps to implement all of the recommendations.
2012 Financial Integrity Review and Evaluation- 10 Year Limitation Rule Preliminary Engineering	May 2012	FHWA Oregon Division	FHWA found of the 19 preliminary engineering projects reviewed, all have proceeded to the next phase within the 10-year requirement. However, ODOT should set up procedures to regularly monitor PE projects to assure that they proceed to the next phase in accordance with 23 CFR §630.112(c) (2).	ODOT generally agreed with the report and has taken steps to implement the recommendation.
2012 Financial Integrity Review and Evaluation Billing Review- Regions 1 and 4	May 2012	FHWA Oregon Division	FHWA found source documentation was mostly complete and well organized. However, of the 13 transactions tested, two had deficiencies in source documentation to warrant us identifying those reimbursements as improper payments totaling \$45,786.	ODOT management has taken steps to address all of the recommendations.

**Reviews completed by the Federal Highway Administration (FHWA), cont.**

Report Title	Date	Source	Summary	ODOT Response
2012 Columbia River Crossing Funds Management Review: Washington State	May 2012	FHWA Wash. Division	<p>The purpose of this review was to determine if all of the activities billed to the Federal-Aid Highway Program prior to signing the Record of Decision (ROD) were carried out to support the environmental document and are therefore eligible for federal participation. Prior to signing the ROD on December 7, 2011, the Columbia River Crossing spent approximately \$131 million.</p> <p>This review found that all activities reviewed by FHWA that were billed to the Federal- Aid Highway Program constituted preliminary design. These activities billed were necessary to complete the environmental document and support the ROD, and are therefore eligible for federal participation.</p>	CRC management agreed with the report. No further action was necessary.
Quality Control/ Quality Assurance Review of the Oregon DOT Bridge Design Program	March 2012	FHWA Oregon Division	FHWA found ODOT's bridge design QC/QA program is in close alignment with the FHWA's "Guidance on QC/QA in Bridge Design." ODOT's longstanding commitment to QC/QA in the preparation of bridge plans and specifications is demonstrated through the development and continual improvement of agency wide policies and guidance.	The agency has implemented most of the review recommendations. The remaining recommendations will be implemented by April 2013.
Oregon DOT Compliance with 23 CFR 940.11: Program Review	Jan. 2012	FHWA	<p>The purpose of this review was to document the existing Oregon DOT Systems Engineering (SE) Process used to develop and deliver Intelligent Transportation System (ITS) projects in the state and determine if the process is in compliance with 23 CFR 940.11. An additional objective was to interview ODOT staff and document how the SE process is or is not adding value to their project delivery process.</p> <p>FHWA found ODOT is in compliance with 23 CFR 940.11. FHWA also documented lessons learned and benefits to utilizing SE processes in ITS project development and delivery. FHWA found that overall ODOT sees the SE process as a benefit to the agency. ODOT recognizes that following an SE process is not a guarantee of project success, but it does provide a structured project delivery process that can reduce some project risks and improve efficiency.</p>	ODOT addressed the recommendation in the report. Because of a comment in the report, ODOT also worked with FHWA to sponsor some systems engineering training for local agencies. ODOT is currently working with FHWA to develop better communication materials and guidance documents to help local agencies comply with the federal systems engineering requirements.

**Reviews completed by the Federal Highway Administration (FHWA), cont.**

Report Title	Date	Source	Summary	ODOT Response
FHWA Work Zone Review 2011: Field Review of Oregon Department of Transportation Projects	Jan. 2012	FHWA Oregon Division	In general, advance warning signs, channelizing devices, pavement markings, and flaggers were properly installed, operated and maintained to provide satisfactory information to traffic and allow appropriate decisions to be made relative to speed and path adjustments through the work zone. While the overall assessment was positive, there were individual projects which displayed strong and weak traffic control elements. Where deficiencies were noted to be significant, these deficiencies were immediately brought to the attention of project staff so that corrective action could be taken. This review sought not to catalog individual problems but rather to determine if either the cumulative deficiencies noted or the individual issues rose to such a level as to be considered amenable to policy or procedural improvement. In many cases, existing standards are deemed sufficient; however, more effort needs to be made to incorporate proper field practices.	ODOT actively participated in this review. ODOT has developed a work plan to complete the recommendations. Implementation of most recommendations are in progress.
Highway Performance Monitoring System Review (HPMS)	Jan. 2012	FHWA Oregon Division	During this review, FHWA determines whether certain data are suitable for various uses, including the apportionment of Federal-aid funds. This year's review focused on a newly added high risk subject area, Geographic Information System /Linear Referencing System data. FHWA found that the program's data collection is valid and suitable for use in the apportionment of Federal-aid highway funds, performance measurement, and condition and performance reporting to Congress.	ODOT generally agreed with the report and has implemented all of the recommendations.
2011 National Bridge Inspection Standards (NBIS) Review	Dec. 2011	FHWA Oregon Division	FHWA evaluated 23 of the various components of ODOT's Bridge Inspection Program. Twenty of 23 metrics, or 87%, of ODOT's Bridge Inspection Program are in compliance with regulations. Three of 23 metrics, or 13%, are in conditional compliance with National Bridge Inspection Standards. Overall, Oregon's program is considered to be comprehensive and responsive to the National Standards. FHWA notes that the Bridge Inspection program continues to improve each year.	ODOT generally agreed with the report and has implemented all of the recommended corrective actions.

**Reviews completed by the Federal Highway Administration (FHWA), cont.**

Report Title	Date	Source	Summary	ODOT Response
Oregon Heavy Vehicle Use Tax Review	Nov. 2011	FHWA Oregon Division	This review was conducted in accordance with 23 CFR 669 requiring a compliance review be performed at least once every three years. During this review, FHWA found the Oregon Department of Transportation, Motor Carrier Transportation Division complies with the requirements of 23 U.S.C. 141, 23 CFR 669 and 26 CFR Part 41. The Heavy Vehicle Use Tax Program ensures the tax is collected for vehicles with a gross weight of 55,000 pounds or more by requiring submission of a proof of payment with any registration or renewal. FHWA issued several of commendations and recommendations as a result of the review.	ODOT Motor Carrier Transportation Division has taken steps to implement the recommendations needed to improve program effectiveness and efficiency.
An Early Review of the Oregon Department of Transportation's 1 R program	Nov. 2011	FHWA Oregon Division	This review finds the underlying premise of the program, the improved distribution of safety funds to the areas of highest needs, to be sound. Yet, the particulars of exercising that broad goal deserve further consideration. Improving the scoping process to ensure safety inventory data is used early on is critical to designation and allocation of resources. The high degree of inconsistency in understanding how the program operates is also a concern and deserves further outreach with field staff to ensure the intent of the program is fully realized. Opportunities for short-term safety gains in conjunction with preservation are being unevenly realized throughout the state as existing staff experience and knowledge is not being uniformly used. Finally, the lack of comprehensive performance metrics makes judging program effectiveness difficult, in both pavement and safety dimensions.	ODOT generally agreed with report. ODOT has completed and/ or is working to complete the action items identified in the report. All items are being worked collaboratively through the ODOT 1 R Steering Committee which includes FHWA representatives.
2011 Financial Integrity Review and Evaluation: Billing review - Regions 3 and 5	Nov. 2011	FHWA Oregon Division	The review focused on the eligibility of expenditures billed to Federal-aid projects. The billing transactions review examined specific items charged to projects for which the ODOT had requested reimbursement, in order to ensure sufficient source documentation to support the requested expenditure amount. FHWA found source documentation was mostly complete and well organized. Of the 21 transactions tested, five had discrepancies, to some degree. One of these was considered to be an improper payment. The other four were lacking complete and accurate documentation. FHWA recommended that ODOT management needed to communicate with project managers/ inspectors the importance of accurately documenting all activity that takes place on projects on a daily basis.	ODOT resolved the improper payment issue by making a change to the project agreement and indicating the new part as non-participating. ODOT management sent an email to all ODOT Project Managers and Local Agency Liaisons reiterating requirements for project documentation.

**Reviews completed by the Federal Highway Administration (FHWA), cont.**

Report Title	Date	Source	Summary	ODOT Response
2011 Civil Rights Baseline Assessment	Oct. 2011	FHWA Oregon Division	FHWA determined that ODOT is meeting, and in many areas exceeding, basic Civil Rights program requirements. They also found areas that need improvement including Civil Rights organization and staffing, program plans and documents, program implementation, policies and procedures, and data collection and analysis.	ODOT generally agreed with the assessment and the implementation of corrective action is completed.
Motor Fuel Data Collection and Reporting Process Review	Sept. 2011	FHWA Oregon Division	<p>FHWA found that ODOT is reporting motor fuel data in substantial conformance with the requirements in FHWA's , <i>A Guide to Reporting Highway Statistics</i>. FHWA did not identify any significant deficiencies. FHWA found that overall, ODOT's motor fuel reporting is timely, and ODOT's process is adequate and has substantial process controls in place. FHWA recommended ODOT document its practices and procedures relating to American Indian tribes and completion of form FHWA- 556 M.</p> <p>FHWA also found that ODOT had addressed the recommendations from the previous review conducted in 2006.</p>	ODOT has implemented the recommendations.
Single Audit Review	Oct. 2011	FHWA Oregon Division	This review focuses on the results of the single audit performed by the Oregon Secretary of State covering the Oregon Department of Transportation (ODOT). FHWA agreed with the Secretary of State audit findings and ODOT's concurrence. FHWA requested ODOT provide an updated Corrective Action Plan for improving controls over financial reporting. ODOT provided the updated Corrective Action Plan.	As of Aug. 2012, ODOT Audit Services conducted a review and found that Financial Services appears to have taken reasonable actions to ensure correct entries are made in ODOT's financial system, and that all corrective action appear to be implemented as described in ODOT's response to the Secretary of State's Audits Division, dated March 3, 2011.

**Reviews completed by the Federal Highway Administration (FHWA), cont.**

Report Title	Date	Source	Summary	ODOT Response
National Review Team – ARRA- Contract Administration & Quality Assurance	June 2011	FHWA National Review Team	The National Review Team conducted a Contract Administration and Quality Assurance review of six ARRA funded projects in ODOT Regions 2, 3, 4 and 5. In the overall risk assessment, they rated contract administration and quality assurance satisfactory. They did not rate Design Quality Initiative. The Review Team issued five program-level observations, and three project-level observations.	All recommended actions have been completed.
Grants Management review - Transit - Indirect Cost Allocation Plan (ICAP)	Mar. 2011	FHWA Oregon Division	FHWA completed a review of ODOT Public Transit Division's Indirect Cost Allocation Plan proposals for fixed final indirect cost rates for Fiscal Year 2013. For FY 2013, FHWA determined that the resulting approved rate is 4.17% and is applicable for the period of July 1, 2012 through June 30, 2013.	ODOT complies with the rates which FHWA approved.
Highway Performance Monitoring System Review (HPMS)	Feb. 2011	FHWA Oregon Division	The objective of this review was to learn and evaluate ODOT's Pavement Data program, including collection equipment and procedures for gathering data. FHWA found that ODOT's HPMS data are valid and suitable for use in the apportionment of Federal-aid highway funds, performance measurement, and condition and performance reporting to Congress.	ODOT implemented all recommendations needed to maintain compliance with federal rules and regulations. ODOT considered all recommendations and implemented those that were cost effective.
2010 National Bridge Inspection Standards Review (NBIS)	Dec. 2010	FHWA Oregon Division	<p>FHWA found overall, Oregon's program is considered to be comprehensive and responsive to the national standards. The review found the state to be in Conditional Compliance with the NBIS. Compliance with the NBIS is conditioned on the following items:</p> <ul style="list-style-type: none"> <li>• By December 2012, completion of the six year Load Rating Plan as submitted to FHWA in April 2005, and amended in 2006.</li> <li>• By April 2011, completion of the implementation of scour plans of action on local bridges and other agency bridges per the ODOT corrective plan of action dated February 26, 2008.</li> <li>• By December 2012, completion of scour assessments on the 20 tidally influenced bridges per the ODOT corrective plan of action dated June 17, 2009.</li> </ul>	ODOT generally agreed with the report and has implemented all of the recommendations.

**Reviews completed by the Federal Highway Administration (FHWA), cont.**

Report Title	Date	Source	Summary	ODOT Response
National Review Team - DBE – ARRA- Closeout Report	Dec. 2010	FHWA National Review Team	FHWA National Review team conducted DBE reviews of five American Recovery and Reinvestment Act projects in Oregon. The team also conducted a data quality review of Recovery Acts Data System (RADS) data for those same five projects. Based on the data comparisons conducted for our review, the RADS data entered on these projects, appears overall, to be accurate. The observations and recommendations made of this DBE Program Review indicate a satisfactory assessment.	ODOT generally agreed with review and has completed the corrective actions.
Oregon DOT Systematic Bridge Preventive Maintenance Program (Preventative Maintenance)	Oct. 2010	FHWA Oregon Division	ODOT and FHWA staff members jointly conducted this review and found that ODOT has a robust data collection and analysis process for the purpose of programming major bridge maintenance activities and that with modification, it would result in a systematic process that will adequately address the requirements for funding of preventative maintenance activities under the Federal Highway Bridge Program.	In Nov. 2012 based on the results of the review, FHWA approved a list of preventative maintenance activities for bridges and tunnels which are eligible for Federal-aid highway funding. Beginning in 2013, ODOT will use Federal funding for these activities.
2010 Financial Integrity Review and Evaluation: ARRA Billing Review	Sept. 2010	FHWA Oregon Division	The review focused on the eligibility of expenditures billed to Federal-aid projects. The billing transaction review examined specific items charged to projects for which ODOT had requested reimbursement, in order to ensure sufficient source documentation to support the requested expenditure amount. During the course of the review, FHWA found that source documentation for all bid items tested was complete and well organized. There was one minor miscalculation observed.	Project staff immediately corrected the minor miscalculation. There was no other action required as a result of the review.
National Review Team - Billing Eligibility - ARRA	Nov. 2010	FHWA National Review Team	The FHWA National Review Team reviewed selected ARRA project documentation as well as ODOT's internal control practices. FHWA issued general and project level observations and accompanying recommendations.	ODOT and FHWA have addressed all observations and recommendations.

**Audits and reviews completed by the Federal Transit Administration (FTA)**

Report Title	Date	Source	Summary	ODOT Response
Compliance Review Report of the Oregon Department of Transportation Disadvantaged Business Enterprise Program	May 2012	FTA	FTA reviewed ODOT's compliance with 13 requirements of 49 CRF Part 26. It found ODOT's compliance to be: two requirements had no deficiencies, three were not applicable, and eight had deficiencies.	ODOT generally agreed with the findings. ODOT has completed all corrective action.

**Audits and reviews completed by the Social Security Administration (SSA)**

Report Title	Date	Source	Summary	ODOT Response
Oregon Department of Licensing Report	Feb. 2012	SSA	The review indicated that the suite of security safeguards implemented by Oregon Department of Licensing (DMV) to protect SSA supplied information is well managed and in compliance with the security requirements of the information exchange agreement.	ODOT generally agreed with the report.

**Audits and reviews completed by the Federal Emergency Management Agency (FEMA)**

Report Title	Date	Source	Summary	ODOT Response
Department of Homeland Security Federal Emergency Management Agency Grant Programs Division	July 2011	FEMA	The purpose of the review was to provide guidance and recommendations to enhance efforts in managing Federal funding. FEMA had no findings and associated recommended corrective action.	ODOT agreed with the report. No additional work was required.

**Audits and reviews completed by the U.S. Department of Transportation Office of Inspector General**

Report Title	Date	Source	Summary	ODOT Response
Audit of Improper Payment Oversight in FTA ARRA Programs: Notice of Finding	May 2012	OIG	Condition I: ODOT did not provide evidence that a complete cost or price analysis was performed in connection with the procurement of two passenger trains. Condition II Engineer's Review: ODOT did not provide adequate documentation to demonstrate that a construction payment of \$9,594 made by sub-grantee, Tillamook County Transportation District, to Coyote Commercial Constructors was in compliance with contractual requirements. In addition, the OIG engineer was unable to determine if the documentation related to a construction payment of \$77,833.20, also made by Tillamook County Transportation District, was sufficient to demonstrate the contractor's work was of acceptable quality.	ODOT provided responses and additional documents which it believes adequately address the findings listed in the report.