

Oregon Department of Transportation

Summary of Audits and Reviews July 1, 2018 – June 30, 2020

Title	Date	Summary	Status	Actions Taken
Internal audits completed by ODOT Audit Services				
A&E Contract Administration Practices ODOT Procurement Office	July 2018	<p>The audit reviewed the Architectural and Engineering (A&E) contract administration practices in the ODOT Procurement Office (OPO).</p> <p>The audit recommended that OPO should:</p> <ol style="list-style-type: none"> 1. Require ODOT contract administrators to complete OPO contract closeout and invoice review training courses to supplement required training from DAS. 2. Update the OPO Invoice Requirements Guide to improve clarity on what information invoices are required to have prior to payment approval and when a revised invoice is needed. 3. Continue efforts to establish a monitoring process for completing consultant evaluations and using evaluations in selecting consultants for future contracts. 4. Implement a monitoring process to ensure contracts with federal funding are closed out in alignment with OPO guidance. 	Closed	Management reports that all recommendations have been implemented.
Timeliness of Personal Service Contract Procurement Process	Nov 2018	<p>The audit reviewed the timeliness of the personal service contract procurement process.</p> <p>No recommendations were issued.</p>	Closed	No actions required.
Design Quality Control Documentation	Mar 2019	<p>The audit objective was to determine if design quality control (QC) is being documented in accordance with region tech center QC plans and the bridge design manual.</p> <p>The audit recommended that Technical Services should:</p> <ol style="list-style-type: none"> 1. Ensure that region QC practices align to the QC plan and that there is statewide consistency across regions. 2. In conjunction with efforts to revise discipline design QC practices, ensure going forward that region QC practices meet agency expectations for performing QC. Regular quality assurance reviews would provide ongoing assessments of region practices. 	In progress	Management reports that the recommendations are partially implemented with full implementation anticipated by early 2021.
Information Asset Physical Security Follow-up	May 2019	<p>The audit was a follow-up to a 2014 audit of information asset physical security.</p> <p>The audit recommended that Information Systems, in conjunction with Business and Performance Services, should:</p> <ol style="list-style-type: none"> 1. Revise the Information Asset (IA) Handling Requirements to include the requirement that IA at all classification levels be protected from “unauthorized changes;” and provide more clarity on how business units can meet the handling requirements of at least two layers of control for Level 3 assets when not in use. 2. Update information asset classification guidance documents to align the definitions for information owner and information custodian with ODOT Policy ADM 07-11. 3. Determine if current training on IA classification and security meets agency needs and goals in terms of content and frequency. Revise as needed. 	Closed	Management reports that all recommendations have been implemented.

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STIP Amendment Process	June 2019	<p>The audit reviewed the Statewide Transportation Improvement Program (STIP) amendment process to determine whether it had a measurable impact on timely project completion.</p> <p>The audit recommended that ODOT should:</p> <ol style="list-style-type: none"> 1. Review the process for building the STIP and how programming decisions are made to determine if changes are necessary for setting a project's schedule and funding. 2. Review the project controls for scheduling and funding within the project development stage to determine if additional rigor is needed. 3. Work with MPOs, the OTC, and FHWA to identify opportunities to streamline the STIP amendment process. 	Closed	Management reports that all recommendations have been implemented.
Construction Contract Change Orders	July 2019	<p>The audit provided information for decision-makers on the significance of change orders in terms of time and cost, as well as timeliness of change order payments.</p> <p>No recommendations were issued.</p>	Closed	No actions required.
DAS Delegation	Nov 2019	<p>The audit reviewed compliance with key requirements of the State of Oregon Delegation Agreement No. 639-11 (Agreement).</p> <p>The audit recommended that the ODOT Office of Procurement should:</p> <ol style="list-style-type: none"> 1. Ensure all contracts issued under the Agreement reference the Agreement. 2. Ensure staff have completed all Agreement-required training and certifications prior to the Department of Administrative Services (DAS) delegation and at the time of providing DAS delegated procurement authority. 3. Ensure all Agreement-required documentation be provided in procurement files. 4. Work with DAS to clarify the Agreement as to how managers and position level under-fills are evaluated with respect to Exhibit A requirements, updating applicable delegation orders as appropriate 	In progress	Management reports that recommendations 1 and 3 have been implemented and 2 and 4 will be fully implemented in January 2021.
Right-of-Way Condemnation	Dec 2019	<p>The audit looked at the Right-of-Way (ROW) condemnation process to determine if there are common justifications for the use of condemnation and to identify the factors that determine the amount of time needed to acquire possession of property through condemnation.</p> <p>The audit recommended that the Statewide Project Delivery Branch should:</p> <ol style="list-style-type: none"> 1. Work with regions to determine if reducing the 17-week ROW HQ mandate for the condemnation process to better align it to actual performance for payment files will aid in project management. 2. Work with regions to ensure project schedules allow sufficient time for ROW negotiations before files are recommended for condemnation. 3. Determine if tracking the cost of ROW HQ staff time processing files through condemnation will assist in decision-making. 	In progress	Management reports that recommendation 3 has been implemented, and 1 and 2 are in process of being implemented.
Motor Carrier Contract Administration Follow-up	Feb 2020	<p>The letter was a follow-up to a 2016 audit of Motor Carrier Contract Administration Practices.</p> <p>The audit recommended that Motor Carrier should ensure that all staff performing contract administration duties complete required training.</p>	Closed	No actions required.

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Bid Communications	Mar 2020	<p>The audit reviewed ODOT's policies and practices for communicating with planholders during the bid advertisement period of highway and bridge construction projects.</p> <p>The audit recommended that ODOT should:</p> <ol style="list-style-type: none"> 1. Revise policies to incorporate desired/expected department timeframes for responding to planholder inquiries. 2. Take steps to ensure Resident Engineers (RE) are sufficiently familiar with ODOT's policies and procedures related to planholder communications to implement them in a compliant and uniform approach. 3. Work with RE offices to ensure that communications with planholders are properly archived and retrievable. 4. Engage with stakeholders to evaluate best practices related to planholder communications, including how best to publish planholder questions and ODOT answers. 	In progress	Management reports that it is addressing the findings and all recommendations will be implemented March 2021.
Construction Contract Change Order Costs	Apr 2020	<p>The audit looked at ODOT's practices related to change order pricing.</p> <p>The audit recommended that ODOT should:</p> <ol style="list-style-type: none"> 1. Assure that the level of Construction Change Orders (CCO) documentation aligns with the desired level of transparency and accountability. 2. Include in the CCO documentation the contractor's written cost estimate when provided. 3. Provide additional guidance on evaluating cost reduction proposals. 4. Periodically review bid prices for the potential of unbalanced bidding that could affect the award of contracts and total cost to the public under various actual scenarios. 	In progress	Management reports that it is addressing the findings and all recommendations will be implemented April 2021.
Road Usage Charge Follow-up	May 2020	<p>This was a follow-up to a 2017 report on the Road Usage Charge Program.</p> <p>No recommendations were issued.</p>	Closed	No actions required.

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Audits and reviews completed by the Secretary of State Audits Division				
ODOT Effectively Implementing Two Keep Oregon Moving Programs, but Could Do More to Enhance these Efforts	Dec 2018	<p>The objective of the real-time audit was to assess the accountability, equity, and transparency of the Statewide Transportation Improvement Fund (STIF) and Safe Routes to Schools (SRTS) programs established by Keep Oregon Moving.</p> <p>In order to structure the STIF program for continuous improvement, ODOT should move forward with its plans to:</p> <ol style="list-style-type: none"> 1. Document internal procedures that detail the process for reviewing quarterly project expenditure reports from each qualified entity and communicate those procedures to staff responsible for performing those duties. 2. Establish and document performance measures for the STIF program, such as number of rides, cost per ride, and rides per vehicle. Communicate the performance measures to regional staff, project management, ODOT leadership, and the Oregon Joint Legislative Committee on Transportation. <p>In order to structure the SRTS program for continuous improvement, ODOT should:</p> <ol style="list-style-type: none"> 3. Document policies and procedures to guide the approval, review, and monitoring process of submitted SRTS applications that address how staff should: <ol style="list-style-type: none"> a. Maintain neutrality between ODOT applications and those submitted by external partners; and b. Verify information submitted by program applicants. 4. Train staff who will score and prioritize applications so that scoring is consistently applied among applications. 5. Create and communicate well-defined expectations and job duties for Active Transportation Liaisons as they relate to administering the SRTS program including: <ol style="list-style-type: none"> a. The level of outreach liaisons should provide throughout their regions; b. The support community partners can request from liaisons; and c. The role of liaisons after SRTS projects have been approved. 6. Automate some aspects of the application to reduce human error, such as calculation of local match percentage. 7. Establish performance measures for the SRTS program such as rates of walking and biking to school and communicate program. 	Closed	Management reports that all recommendations have been implemented.

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Recommendation Follow-up Report: The Oregon Fuels Tax System Accurately Assesses And Collects Fuels Taxes for State and Local Jurisdictions	Dec 2018	<p>The objective of this audit was to follow-up on the status of ODOT's efforts to implement recommendations from a 2017 audit on the effectiveness of key general and application controls that protect and ensure the integrity of the Oregon Fuel Tax System (OFTS) and its data.</p> <p>The audit found that ODOT has implemented the following recommendations from the original audit:</p> <ol style="list-style-type: none"> 1. Increase scrutiny and documentation of refund claims to ensure refund payments are appropriate. 2. Work with the vendor to address system flaws regarding inappropriate penalty and interest refunds. <p>The audit recommended that ODOT should implement or do more to fully implement the following recommendations from the original audit:</p> <ol style="list-style-type: none"> 3. Perform manual reconciliations of key system reports to ensure that local jurisdictions receive all fuels tax revenue to which they are entitled. 4. Periodically test system and data backups to ensure usability and incorporate OFTS into its overall disaster recovery plan. 5. Establish formal procedures to authorize, document, review, and timely remove access to the system as appropriate. 6. Utilize system functionality already available to alert staff to potential security violations and to monitor third party activity. 7. Establish procedures to protect Personally Identifiable Information on fuels tax returns and reevaluate the need for using SSNs on fuels tax return forms. 8. Increase password length and complexity requirements for OFTS to comply with statewide IT standards. 9. Work with the vendor to prioritize and correct identified security vulnerabilities and schedule periodic scans of the system at regular intervals to identify any new vulnerabilities. 	Closed	Management reports that all recommendations have been implemented.
Selected Financial Accounts for Year Ended June 30, 2018	Jan 2019	<p>This was an audit of selected financial accounts for the year ended June 30, 2018.</p> <p>The audit did not identify any deficiencies in internal control considered to be material weaknesses. Other issues were reported that are considered an opportunity for strengthening internal controls:</p> <ol style="list-style-type: none"> 1. Controls over inventory of road maintenance stockpiles could be strengthened to ensure accurate recording of adjustments. 2. Fuels Tax Group should fully comply with the department's cash handling procedures. 3. All DMV field offices should comply with the department's policy regarding semi-annual change fund reviews. 4. Infrastructure Asset Model controls could be strengthened to include verification that all relevant formulas are updated 5. Review of the DMV fee increase spreadsheet could be improved. 	Closed	Management reports that the opportunities for strengthening internal control have been addressed.

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Selected Financial Accounts for Year Ended June 30, 2019	Apr 2020	<p>This was an audit of selected financial accounts for the year ended June 30, 2019. The audit identified a deficiency in internal control considered to be a significant deficiency. It also identified three matters that represent opportunities for strengthening internal control.</p> <p>In order to address the significant deficiency, management should strengthen review procedures to help ensure that Motor Fuels Tax entries are accurately recorded and classified in the accounting records.</p> <p>In order to address the opportunities for strengthening internal control, ODOT management should:</p> <ol style="list-style-type: none"> 1. Ensure that the security profiles of employees with access to the Oregon State Payroll Application are properly entered in the security request system so appropriate security reviews occur. 2. Strengthen the review process for the DMV daily reconciliations to help ensure unresolved differences are reasonably explained. 3. Ensure the fee allocation rates are correct in the DMV accounting system and consider correcting the underpayment. 	Closed	Management reports that the recommendation and opportunities for strengthening internal control have been addressed.
Statewide Single Audit of Selected Federal Programs for the Year Ended June 30, 2019	Apr 2020	This was a Single Audit of selected federal programs for the year ended June 30, 2019. The audit did not identify any deficiencies in internal control over compliance considered to be material weaknesses.	Closed	No actions required.

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Audits and reviews completed by the Federal Transit Administration (FTA)				
State Management Review for FY2018	Oct 2018	<p>This was a report on FTA's State Management Review conducted in accordance with its oversight responsibilities and to ensure that recipients comply with the requirements of 49 U.S.C. Chapter 53 and other federal requirements.</p> <p>The review found that ODOT was in compliance in 18 of 20 areas reviewed. Deficiencies were found in:</p> <ol style="list-style-type: none">1. Technical Capacity – Program Management2. Subrecipient Oversight and Maintenance	Closed	Management reports that corrective actions have been taken.
FTA Drug and Alcohol Compliance Auditing Program	Dec 2019	<p>This was an audit of the FTA-mandated drug and alcohol (D&A) testing programs of the Oregon Department of Transportation.</p> <p>The audit contained D&A program-related findings for ten Oregon subrecipients of FTA funding.</p>	Closed	Management reports that corrective actions have been taken.

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Reviews completed by the Federal Highway Administration (FHWA)				
Highway Performance Monitoring Systems Review CY 2018	Dec 2019	<p>This was a review of ODOT's Highway Performance Monitoring System (HPMS) for CY 2018 to examine the HPMS process and verify the validity of the HPMS data submitted. This year's review focused on understanding ODOT's Sample Adequacy Management procedures and whether these procedures reflect the sampling requirements in Chapter 6 of the FHWA's 2016 HPMS Manual.</p> <p>FHWA recommends:</p> <ol style="list-style-type: none"> 1. Referencing FHWA requirement(s) ODOT must follow to select and maintain adequate and up to date HPMS samples as required in Chapter 6 of the HPMS Field Manual. 2. Clarifying and documenting timeframes(s) of when sample adequacy is reviewed. 3. Documenting a specific timeframe and a description of what would trigger ODOT to request approval from FHWA for future ODOT Sample Adequacy Plans. 4. Documenting coordination with Traffic and Functional classification staff to ensure accuracy of data as it pertains to Sample Adequacy processes. 5. ODOT HPMS staff to continue to participate in FHWA HPMS training opportunities. 6. ODOT HPSM staff further evaluate and create a statewide federal functional classification process or add to existing resources such as the ODOT TSP Guidelines/Functional Classification website in which local governments can better understand and maintain accurate and up to date functional classification. 	In progress	Management reports that it has implemented recommendations 1-4, and is in the process of implementing 5 and 6.
2019 National Bridge Inspection Program Review in Oregon	Apr 2020	<p>This report contains the results of FHWA's 2019 National Bridge Inspection Program (NBIP) review for the DOT of Oregon.</p> <p>The 2019 review process demonstrated that the ODOT is in compliance with seventeen of the twenty-three metrics and conditionally compliant with six metrics. The compliance issues associated with the conditionally compliant metrics (6 total) are:</p> <ol style="list-style-type: none"> 1. Timeliness of inspections (metrics 6, 7, and 10) 2. Lack of initial load ratings (metric 13) 3. Lack of bridge scour assessment documentation (metric 15) 4. Bridge inspection organization (metric 1) 	Closed	<p>Management provided FHWA with a Plan of Corrective Action (PCA) for the six metrics. Management reports that FHWA has approved the PCA and considers the metrics to be in conditional compliance as long as the PCA is adhered to.</p> <p>No additional actions are required.</p>

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Reviews completed by the Federal Motor Carrier Safety Administration (FMCSA)				
Annual Program Review of Oregon DMV	Oct 2018	The 2018 Annual Program Review (APR) of Oregon DMV identified eleven findings. Two were corrected with the implementation of DMV Driver System Modernization on July 6, 2020. Nine findings resulted from discrepancies between Oregon's Commercial Driver's License (CDL) skills test and the American Association of Motor Vehicle Administrators (AAMVA) CDL Testing Model and Commercial Driver License Manual. FMCSA has agreed to hold two of the test-related findings in abeyance pending the outcome of the AAMVA CDL Skills Test Modernization effort. An additional four test-related findings will be corrected before the end of 2020, with the revision and publication of the 2021-2022 Oregon Commercial Driver License Manual. DMV has submitted a request to FMCSA for approval to deviate from the AAMVA Test Model for the remaining three findings, and a response is pending.	In progress	Management reports that it has addressed two of the findings. Of the others, two are in abeyance, four are being addressed, and three are awaiting FMCSA approval.
Annual Program Review of Oregon DMV	Dec 2019	The 2019 APR identified six findings. Three findings – resulting from 43 broken and 24 missing Commercial Driver License Information System (CDLIS) pointers, and 12 CDLIS data quality issues – were corrected immediately. A finding for mismatched conviction and withdrawal AAMVA Code Dictionary codes was systematically corrected with the implementation of DMV Driver System Modernization on July 6, 2020. Two remaining findings require amendments to Oregon Revised Statutes in order to correct. To that end, DMV has included proposed amendments with our 2021 CDL legislative concept.	In progress	Management reports that it has addressed four of the findings. The remaining two are pending legislative action in 2021.
Reviews completed by the Social Security Administration (SSA)				
Social Security Administration Information Exchange Agreement Compliance Review Report	Mar 2020	<p>This was a review of the technical, procedural, and administrative controls implemented by the Oregon DMV to comply with the system security requirements included in the Information Exchange Agreement between agencies. The purpose of the review was to verify that appropriate security safeguards remain in place to protect the confidentiality of information supplied by SSA.</p> <p>The review did not identify any weakness in security controls implemented by DMV that puts SSA provided information at high risk for misuse and improper disclosure.</p>	Closed	No actions required.