



DIVISION OF INTERNAL AUDIT
ANNUAL AUDIT WORK PLAN
For the Fiscal Year
July 1, 2015 – June 30, 2016



July 10, 2015

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 2016 Audit Plan

The Office 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 2016. The basis for the annual audit plan included 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

Engagements and Projects	Budgeted Number of Projects	Budgeted Hours
Audits and Attestations		
Current Performance Audits	2	1,000
Proposed Performance Audits (3 Construction Audits)	4	5,000
Special Projects		
Continuous Auditing of Fuel Transactions (Bi-annual reports)	2	800
TDOT Enterprise Risk Management	1	650
Follow-up Reviews		
Comptroller Audit Findings FY 2014	1	300
Right of Way	1	450
Other		
Integrity Services :	8	2,000
Education Services:	-	300
Cumulative Hours		10,500**
Total Report Deliverables		19*

Source: Office of Internal Audit

*Total projected reports to be delivered. **Budget based on a projected resource staff of six auditors and one Investigator.

Exhibit A describes the resource allocation of 10,500 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 2016 Audit Work Plan

Engagements (as of June 30, 2014)	Status
AU 2015-001 – Division of Finance Internal Control Process	<i>Fieldwork</i>
AU 2015-002 – Diversity Business Enterprise Process	<i>Pre-Planning</i>
SP 2015-001 – Right of Way Follow-up Review	<i>Pre-Planning</i>
Planned Performance Audit Engagements (for the fiscal year 2015)	Potential Audit Objectives
SP 2016-001 – Continuous audit of Fuelman Transactions	<ul style="list-style-type: none"> • Are Fuelman transactions appropriately controlled?
AU 2016-001 – Performance Audit of Site Manager Application Controls	<ul style="list-style-type: none"> • Are access rights to Site Manager appropriately controlled? • Do processing controls support a valid business function? • Do output controls ensure transaction integrity?
AU 2016-002 through AU 2016-004 Performance Audit of Construction Activities	<ul style="list-style-type: none"> • Are contractors performing construction activities according to contract terms? • Are labor practices and expenditures compliant with prevailing wage and other Davis-Bacon requirements? • Do materials conform to contracted specifications? • Does the execution of project change orders comply with policy? • Are insurance policies and other bonding requirements in full force and effect? • Does the project meet stated DBE participation goals? • Are progress payment requests properly supported by documentation?

SP 2016-002–Finance Division P-Card Purchases

- Are internal controls in place to ensure all P-Card purchases represent authorized, valid, appropriately reviewed, and properly supported transactions?
- Are internal P-Card processes sufficient to assure, reasonably and adequately, compliance with laws and regulations?
- Are internal processes related to issuing P-Cards, training personnel on the proper use of P-Cards, and actual use of P-Cards appropriately monitored and controlled by the management of the Finance Division?
- Are internal P-Card processes sufficient to meet current business objectives?

Thank you for your consideration,

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