



Department of Transportation

Change Order Audit

Audit Period: July 2012 through March 2013

Results Summary:

Objective	Conclusion
Change Order Administration	Well-Controlled

Report number: 2013-DOT-11

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Executive Summary

Background

The Division of Construction Management provides support, guidance and advice for the administration and construction of high quality infrastructure for the state of Ohio. To provide infrastructure, the Ohio Department of Transportation (ODOT) enters into numerous construction contracts with private contractors every year to establish the work that will be performed, as well as the cost of each project. During construction, several circumstances can arise which necessitate deviations or changes to the original contract. Such reasons could be weather related, unanticipated geological conditions, approved engineering changes, or other purposes. Change orders are formal amendments to the original contract in order to legally authorize work to be performed congruent with the authorized change.

This audit conforms to the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank ODOT staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.

Scope and Objectives

OIA staff performed assurance work related to the administration of Construction Change Orders at ODOT. This work was completed between April and June 2013. The audit scope included Construction Change Orders issued from July 2012 through March 2013. The audit objective was as follows:

- Evaluate the design and effectiveness of controls over the change order process.

In addition, OIA provided consulting services by documenting the intended change order process, for purposes of designing and implementing the ServiceNow workflow system, and providing recommendations for consideration. The consulting deliverable will be distributed in a separate communication.

Detailed Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. There were no high, moderate, or low risk observations and recommendations identified as a result of this audit.



Appendix A – Classification of Conclusions and Observations

Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
Well-Controlled with Improvement Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Improvement Needed	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
Major Improvement Needed	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

Classification of Audit Observations

Rating	Description of Factors	Reporting Level
Low	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
Moderate	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
High	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee