



Department of Transportation Task Order Contracts Audit

Audit Period: January through December 2012

Results Summary:

Objective	Conclusion
Contract Approval	Well-Controlled
Administration	Well-Controlled with Improvement Needed
Monitoring	Well-Controlled

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Executive Summary

Background

Indefinite delivery, indefinite quantity (IDIQ) agreements are used by all levels of government entities established in Federal Acquisition Regulations 16.501(a). These agreements provide for the contracting of an indefinite quantity of goods or services for a fixed period of time. This type of agreement allows for a streamlining of the contract process and is beneficial for time-sensitive matters. Under an IDIQ agreement, task orders are authorized as needed for a specific scope of work and for a specified fee. ODOT utilizes task orders for projects which typically supplement the progress of large-scale construction projects, particularly during the design and planning phase of a project. As of December 2012, ODOT had approximately \$130M worth of authorized and outstanding task orders.

During the audit, OIA identified opportunities for ODOT to strengthen internal controls and improve business operations. 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 was engaged to perform assurance work related to the ODOT task order contracts for calendar year 2012. This work was completed between January and March 2013. The audit objectives included:

- Evaluate the design and effectiveness of the contract approval process.
- Evaluate the design and effectiveness of administration of task order agreements.
- Evaluate the design and effectiveness of monitoring of task order agreements.

OIA's sampling of contracts and task order agreements was judgmentally selected to identify and test contracts and task order agreements that represented a potential higher risk. As a result, noncompliance reported may not be representative of the entire population.

Detailed Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. There were no high or moderate risk observations and recommendations identified as a result of this audit. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions.



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