

Allison Bragg
Department Secretary



Ricky Quattlebaum
Director

**Department of Inspector General
Office of Internal Audit**

November 22, 2023

Senator Blake Johnson, Chair
Representative Ron McNair, Chair
Highway Commission Review and Advisory Subcommittee
of the Arkansas Legislative Council
One Capitol Mall, Fifth Floor
Little Rock, AR 72201

Dear Senator Johnson and Representative McNair,

As you are aware Act 671 of 2021 states in part the following: "The Office of Internal Audit may conduct an annual project review and efficiency study of the Arkansas Department of Transportation, including without limitation a review of processes, procedures, procurement, projects, appeals, and expenditures." The results are to be reported to the Legislative Council no later than October 1 of each year with the first report to be submitted on or before October 1, 2023. Due to subjectivity of the annual review and efficiency study requirement, an engagement letter outlining a proposed dual approach including both assurance and consulting activities was presented and approved by the HCRAS on June 16, 2022, and the ALC on June 17, 2022.

The consulting component of the engagement is the review of ARDOT's internal control design using the most recently submitted version of ARDOT's control self-assessment (CSA). At the time the consulting component was proposed, the ARDOT CSA process was not mature, and the Office of Internal Audit deemed that value could be added by performing consulting services in this area.

The consulting portion of the 2023 engagement was carried out in collaboration with ARDOT's Internal Audit Division. ARDOT hired OIA's Deputy Director in July 2022 to fill the ARDOT Chief Auditor position. The former OIA Deputy Director was a long-term employee of OIA and possesses a wealth of knowledge on internal controls. The former OIA Deputy Director also has comprehensive knowledge of the CSA process and CSA tool, as they played a vital role in the development of the tool. Additionally, ARDOT's Internal Audit Division has dedicated three staff members to administer the ARDOT CSA process on a continuous basis. Now that ARDOT has a more mature process, OIA's involvement in reviewing their internal control design is a duplication of effort.

Therefore, OIA recommends eliminating the consulting portion from the engagement. OIA requests approval from the HCRAS and the ALC of the resulting revised engagement letter.

Sincerely,

Ricky Quattlebaum
Director, Office of Internal Audit

Enclosure