



**Internal Review Services  
FY 2026 Audit Plan  
10/1/25 – 9/30/26**



## **Introduction**

*Government Audit Standards* encourage the establishment of a risk-based approach to determine the priorities of Internal Review's (IR) activities. IR has completed a risk assessment as a means to help identify, measure, and prioritize potential engagements based on the level of risk to WYDOT. The risk assessment was utilized in compiling the below FY 2026 Audit Plan.

## **Background**

IR came into existence in response to a mandate in Federal regulations that required State Highway Agencies maintain an internal audit function. While enacting regulations have been modified, WYDOT's primary source of federal funding, the Federal Highway Administration (FHWA) along with other federal agencies, remain strongly behind the continued presence of such internal audit groups as they provide a valuable internal control and allow for the performance of various types of audits required to receive federal funding.

IR is a staff function that reports directly to WYDOT's Director. This ensures the independence of the internal audit function and allows for agency-wide access. While primarily working at the request of the Director and Executive Staff, IR is available to assist all WYDOT programs by auditing systems, reviewing and evaluating operations, conducting quantitative and qualitative analysis, and providing various other forms of support by request or on an as needed basis. IR conducts a risk assessment and submits a fiscal year audit plan to the Director for informational purposes. IR operates under Operating Policy 17-1 and follows *Government Audit Standards* in conducting all audits and non-audit services. In addition to reporting straight to the Director, IR has direct access and authorization to report to the WYDOT Commission for the results of engagements or if there are concerns with fraud, waste or abuse.

## **Internal Review's Purpose and Goals**

IR's purpose is to provide critical information to decision makers to mitigate risk, ensure compliance, and improve the stewardship of WYDOT resources. IR accomplishes this purpose by conducting performance audits, agreed-upon procedures and other non-audit services as described below. The entire IR staff is committed to WYDOT's vision, mission, goals and values in addition to upholding our independence, objectivity, trust, and integrity in the work that we do. We are also committed to continuing to work collaboratively with WYDOT's Commissioners, Executive Staff, Districts, Program Managers, and Federal, State and Local entities. IR's goals are:

1. Identify assignments based on risk assessment
2. Improve internal processes, procedures, work papers, and reports
3. Assist WYDOT programs in improving processes and procedures
4. Develop staff

## **Internal Review's FY 2026 Risk Assessment and Audit Plan**

In preparing this audit plan, we gathered information from each Executive Staff member and FHWA to discuss any areas they anticipate reviewing or have concerns about. Based on that information IR compiled a risk assessment to help identify the highest risk areas and to prioritize items that may need to be completed in FY 2026. We recognize this is a dynamic process, and adjustments are made throughout the year to meet priorities and to anticipate and respond to emerging issues with the resources available. In evaluating risk, we considered a number of factors, including:

- Mandatory requirements as set forth in Federal regulations and State statutes
- Requests made or concerns raised by Executive Staff and Program Managers
- Dollars associated with each program or entity
- New funding, regulations, statutes or initiatives

- The impact to WYDOT’s vision, mission, goals and values

IR’s audit plan for fiscal year 2026 includes the following types of engagements:

**Performance Audits**

Performance audits provide objective analysis of WYDOT’s compliance with policies and regulations, and the efficiency and effectiveness of the Department’s processes and procedures. Performance audits assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

**Non-Audit Services**

Non-audit services are defined as professional services other than performance audits and agreed-upon procedures provided by IR. IR conducts non-audit services including evaluations of internal controls, and compiling analysis and research. IR is prohibited from assuming management responsibilities or setting policy as it relates to WYDOT operations. Conducting non-audit services has the potential to impair IR’s independence, however, IR strives to be independent and has documented and analyzed each non-audit service for threats to independence and has put safeguards in place to mitigate significant threats. If safeguards are not available, IR will not continue with the requested non-audit service. Non-Audit projects are internal to IR and entail improving audit processes, finding efficient ways to manage workloads, and obtaining and providing training.

All of these engagements are conducted and contribute to the achievement of WYDOT’s mission to provide a safe, high quality, and efficient transportation system. The below information may change depending on priorities and additional requests. This document is compiled to assist IR in planning for the upcoming year and may be changed accordingly.

**Performance Audits**

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**WTDEA Relief Fund** The audit will focus on WTDEA’s adherence to Personnel Policy PER 4-23 and determining that the account balance is reconciled with support documentation and that all expenses have been authorized.

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**Cash Funds** The audits will focus on adherence to Operating Policy OP 24-18.

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**Highway Patrol Bond Collection Process** The audit will focus on Highway Patrol’s bond collection process for citations to determine if policies are being followed and if better controls can be put in place. IR will conduct a review of subrecipients using a risk-based approach. The procedures will focus on determining if subrecipients are in compliance with state statutes, federal regulations, and the terms of the subaward agreements.

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## Non-Audit Services

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**Subrecipient Monitoring** In order for WYDOT to meet the requirements of 2 CFR 200, IR will obtain audits or certification letters from each subrecipient of Federal funds. Additionally, if a Single Audit is required and there are findings that pertain to WYDOT funding, IR will review each subrecipient's Single Audit report and corrective action plan in order to issue a management letter per 2 CFR 200.521(c). The management letter will assist the local entity and the WYDOT Grant Administrators to determine if additional corrective action and monitoring needs to occur. Per 23 USC 106(g)(4), IR will assess if a subrecipient has adequate knowledge, internal controls and systems to receive federal awards.

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**Subrecipient Project Delivery System & ICQ** WYDOT will ensure that subrecipients have adequate project delivery systems and sufficient accounting controls by completing an Internal Control Questionnaire (ICQ) to receive Federal funds per 23 USC 106(g)(4)(A).

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**Consultant Rates** Per 23 CFR 172, WYDOT is required to establish rates with consultants conducting A/E design work using federal funds. IR does this primarily through CPA Work Paper Reviews, Cognizant Approvals, and Billing Rate Analysis using a risk-based approach. These reviews are conducted to assist Engineering Services in negotiating A/E contracts with consultants. The Paycheck Protection Program (PPP) loan has created additional work for IR staff to carefully review overhead audits, obtain certification statements and evaluate how consultant credits will be applied to WYDOT projects.

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**Update the Quality Control Program** There was a major rewrite of 2024 GAGAS Chapter 5 so IR will update the workpaper program to address the changes.

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**Striping Rates** This will be an annual requirement requested by FHWA for the Traffic program, Internal Review will perform an analysis on striping rates.

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**Motorcycle Safety** This was a special request from the Motorcycle Safety program to review the 117 fund.

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**Change Order Analysis** From the prior change order analysis, IR will conduct an analysis of contractors and change orders.

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**Risk Assessments** IR conducts annual risks assessments for change funds, local airports, and subrecipients to assist with determining specific locations and entities that will be reviewed.

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## Non-Audit Services continued

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**AASHTO & WASHTO** IR is a member and actively participates in the AASHTO and WASHTO Administrative Subcommittee on Internal and External Audit. IR attends the annual AASHTO meeting and monthly teleconference meetings for both AASHTO and WASHTO. During these meetings we work on evaluating and designing national standards for audit processes.

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**Continuing Professional Education (CPE)** IR is required to follow the *Government Auditing Standards* which requires IR staff to obtain 80 hours of CPE every 2 years of which at least 24 hours must be in government auditing or accounting subjects.

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**FY 2025 Single Audit** Although WYDOT outsources the compliance testing of WYDOT's annual financial and compliance audit, IR is still significantly involved with the audit. IR compiles and reconciles the Schedule of Federal Expenditures (SEFA). IR also obtains support documentation, run queries, and provides other assistance and documentation as requested by the external auditor.

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## FY 2025 Engagement Status

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IR was able to complete many engagements in FY 2025. Some of the engagements that were not completed have either been started or will be carried forward to FY 2026. Below is a list of engagements IR completed and engagements that are currently being completed.

### Reports/Documents Issued

WTDEA Relief Fund CY23 Performance Audit Letter  
Cash Fund and Deposit FY2024 Performance Audit Letter  
FY 2024 2 CFR 200 Single Audit Report  
Striping Rate Analysis Memo  
Subrecipient Monitoring Non-Audit Service Memo  
Annual Risk Assessments  
Campbell County FY2023 Single Audit Desk Review  
Fremont County Association of Governments FY2023 Single Audit Desk Review  
City of Casper FY2024 Single Audit Desk Review  
Laramie Regional Airport FY's 2024 Single Audit Desk Review  
Casper/Natrona County International Airport FY2024 Single Audit Desk Review  
Trihydro Corporation FY2024 CPA Workpaper Review  
Buffalo Senior Center, Inc. FY2024 Single Audit Desk Review  
HP DRE Grant Review  
Ethics Special Request  
Cash Fund and Deposit FY25 Performance Audits  
Developed quality management risk assessment tool per GAS 5.19  
LPA Project Delivery System Internal Control Questionnaire  
Consultant Overhead Rate Reviews with PPP evaluations  
2024 Yellow Book Performance Audit template updated  
IR Manual Updates

## **Current Engagements**

Travel Reimbursement Performance Audit  
WTDEA Relief Fund CY24 Performance Audit  
2 CFR 200 Single Audit Subpart F  
Western Water Consultants (WWC) CPA Workpaper Review  
HP Bond Collection Performance Audit  
Motorcycle Safety Special Request  
Updating the Engagement Quality Review Program per GAS 5.139

## **Noteworthy**

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WYDOT's Financial & Compliance Report for fiscal year ending September 30, 2024 received an unmodified opinion on both the financial statements and major Federal programs. There were not any compliance findings.

## **Conclusion**

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The engagements described in the above plan have been selected based on a balancing of risk and audit resources. The plan is meant to be flexible enough to be able to respond to emerging risks. The audit work will provide independent information to WYDOT's management to improve operations, mitigate risks facing the Department, strengthen internal controls, improve accountability, and enhance the efficiency and effectiveness of the Department as a whole as we all strive to meet the Department's mission.

## **Contact**

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