



April 18, 2018

Mel Marcella
Director
Tennessee Department of Transportation
Division of Internal Audits
Suite 1800
505 Deaderick Street
Nashville, TN 37243

Mr. Marcella,

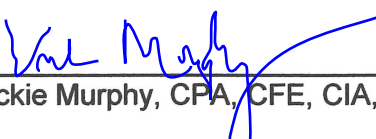
We have issued our Peer Review Final Report for the Tennessee Department of Transportation Division of Internal Audit dated April 18, 2018. Our review concluded that Tennessee Department of Transportation Division of Internal Audit received a rating of Pass with the Peer Review Bylaws and other guidelines of American Association of State Highway and Transportation Officials Standing Committee on Finance and Administration, Administrative Subcommittee on Internal and External Audit and those of the U.S. Government Accountability Office's Government Auditing Standards (2011 Revision). The expressed opinion implies that the internal quality control system found within this area was adequate and the quality control policies and procedures were being complied with to provide the audit organization with reasonable assurance of conforming with the applicable professional standards.

In the course of our review, we observed no conditions that would impact our opinion or represent opportunities to improve the Office's quality control system.

On behalf of the Peer Review Team, I wish to express our appreciation for the cooperation and assistance that was received from the Tennessee Department of Transportation Division of Internal Audit management and staff during this review.



Jack Cotter, CPA, CGMA, Team Leader



Vickie Murphy, CPA, CFE, CIA, CGAP, CICA, for the Peer Review Panel



AASHTO Peer Review of the
Tennessee Department of Transportation
Division of Internal Audit

Review Period
January 1, 2017 through December 31, 2017

Peer Review Team Members

Jack Cotter, Michigan STC, Team Lead
Robert Mason, Missouri DOT, Team member
Scott Magie, Arkansas DOT, Team member



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Objective

The primary objective was to perform a peer review of the quality control system in effect for the Tennessee Department of Transportation Division of Internal Audit for the period January 1, 2017 through December 31, 2017. Our review was conducted in conformity with the Peer Review Bylaws and other guidelines of the American Association of State Highway and Transportation Officials Standing Committee on Finance and Administration, Administrative Subcommittee on Internal and External Audit, along with those set forth under the U. S. Government Accountability Office's Government Auditing Standards (2011 Revision).

Scope

The scope of the review included:

- Questionnaires completed by various individuals in the Tennessee Department of Transportation.
- Solicitation of comments from management of the areas audited, reviewed, or examined during the period under review concerning the scope, nature, and quality of services received.
- Interviews, as necessary, held with members of the senior management and auditing staff of the Tennessee Department of Transportation.
- A review of the Division of Internal Audit internal control system and the quality control policies, procedures, practices, and information used for managing the audit group.
- An examination of a sample of audits and agreed upon procedures completed during the review period sufficient to provide a reasonable basis to render an opinion with

reasonable assurance of conforming with professional standards in the conduct of its work.

- Fieldwork conducted at the Tennessee Department of Transportation Division of Internal Audit from January 1, 2017, through December 31, 2017.

Opinion

Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

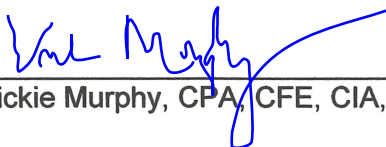
Based on our review, it is the opinion of the Peer Review Team that the Tennessee Department of Transportation Division of Internal Audit receives a Rating of Pass based upon the Peer Review Bylaws and other guidelines of the American Association of State Highway and Transportation Officials Standing Committee on Administration, Administrative Subcommittee on Internal and External Audit and those of the U.S. Government Accountability Office's Government Auditing Standards (2011 Revision).

The expressed opinion implies that the organization's system of quality control has been suitably designed and complied with to provide the audit organization with reasonable assurance of performing and reporting conformity with applicable professional standards in all material respects.

As is customary in a peer review, we have issued a letter under this date that sets forth comments that were not considered to be of sufficient relevance to affect the opinion expressed in this report, but might be worthy of consideration.



Jack Cotter, CPA, CGMA, Team Leader



Vickie Murphy, CPA, CFE, CIA, CGAP, CICA, for the Peer Review Panel