

**TxDOT Internal Audit**  
**Centralization of Public Transportation Coordinator Function (1407-06)**  
**Department-wide Report**

## **Introduction**

This report has been prepared for the Transportation Commission, TxDOT Administration and management. The report presents the results of the Centralization of Public Transportation Coordinator Function Audit which was conducted as part of the Fiscal Year 2011 Audit Plan. The objective of the audit was to determine if centralization of public transportation coordinators under the Public Transportation Division is achieving the intended results of improving direction and federal program guidance, statewide consistency of public transportation directives, cross training opportunities, and compliance monitoring.

## **Scope**

The audit focused on the Public Transportation Division's (PTN) procedures for managing the Public Transportation Coordinators (PTCs) and improving compliance monitoring. Audit work consisted of interviewing key personnel in the PTN Program Services Section; evaluating questionnaires completed by the PTCs; reviewing relevant laws, policies, procedures, and manuals that govern the PTC function; reviewing regionalization /restructuring documents related to Centralizing the PTCs under the division's direction; and reviewing related Business Class Codes to understand the PTCs job description and duties. We examined the personnel files of 22 employees whose duties in the districts were transferred to PTN on June 1, 2009, to determine whether their new supervisor(s) had developed new performance plans and performed evaluations on annual basis.

The audit was conducted by Augustine Nwoko (Auditor-in-Charge) with Owen Whitworth providing oversight. The audit was conducted during the period of October through December, 2010. All work was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors*.

## **Background**

Public Transportation Coordinators (PTCs) are charged with carrying out public transportation grant management activities by means of providing a contact in the field to administer state and federal grant agreements and contracts; provide project oversight and compliance monitoring; provide technical assistance to internal and external (transit agencies) partners and to the public; and facilitate coordination and planning efforts as required by the Federal Transit Administration.

On April 3, 2009, Amadeo Saenz, Executive Director, announced the approval of the transfer of Public Transportation Coordinator (PTC) duties from the districts to the Public Transportation Division (PTN), effective June 1, 2009. To ensure smooth transition of duties from the districts to the division, all budget (i.e. salary, longevity, travel, training, etc) and equipment (i.e. desktop

and laptop computers, printers, phones, cameras, file cabinet, etc) associated with PTC work were transferred to PTN from the district, as appropriate.

For staffing considerations, PTN recommended 22 FTEs be allocated for field staff in public transportation. To assemble this suggested number of FTEs, 17 district FTEs funded from the public transportation budget were centralized as well as district staff budgeted from other strategies who spent 50% or more of their time on public transportation duties. There are currently 22 PTCs located in the field who now report directly to PTN headquarters.

## **Opinion**

Overall, we believe the Public Transportation Division is heading in the right direction on managing the Public Transportation Coordinators. Additionally, we think there is an opportunity to improve the internal controls related to the supervisory oversight over the job activities performed by the public transportation coordinators.

## **Results**

The transfer of public transportation field personnel, budget, and equipment was accomplished in accordance with the Executive Director's directive. New performance plans were developed within 30 calendar days of the transferred employees' first day on the job of June 1, 2009, with the exception of 2 PTCs which were not signed within the 30 day window and not signed as of December 20, 2010. Fifteen (15) out of the twenty two (22) PTCs received timely evaluations. Audit questionnaires completed by some of the experienced PTCs indicate that the only direct evaluation of their work is done during the compliance review which is completed by the compliance review manager every 1 to 5 years. Lastly, PTN's risk assessment used for prioritizing compliance reviews of the PTCs has not been updated since 2009.

Suggestions for improvement are discussed in the "Observations and Recommendations" section of this report.

## **Observations and Recommendations**

**No. 1:** Standard Operating Procedures (SOPs) for many key aspects of the new PTN structure have not been developed.

Before the June 1, 2009 implementation, PTN's preparation included several positive activities: developing standard performance plans with PTCs participation, preparing a revised organization chart, holding facilitated team building exercises, etc. During the implementation of the new structure, various forms of communication (e-mails, memos, Video Teleconference points etc.) were used to affect the centralization goals and activities. To build on these accomplishments, we offer the following recommendation.

**Recommendation:** We recommend PTN prepare a formal self-contained set of procedures that documents how the PTC structure is operating including: the roles and responsibilities for the PTCs, PTC supervision, division management, monitoring and tools for review of PTC work products that can be applied timely based on passed performances. This will likely require more resources be allocated to supervision of the PTCs.

### Management Response and Action Plan

Responsible Party: **Cheryl Mazur,**  
**Director-Program Services Section**

Implementation Date: **January 20,**  
**2012**

*Procedures documenting how the PTC structure operates including roles and responsibilities for the PTC's, PTC supervision, division management, monitoring and tools for review of PTC work products are currently located in a variety of different sources. The division agrees with the recommendation to create a self-contained set of procedures. These procedures will focus on the compliance monitoring responsibilities of the PTC's, addressing each of the areas listed above in that regard. This will be accomplished by reviewing existing manuals and directives to bring together into one document the essential information for those areas listed above. When complete, this newly created document will serve as standard operating procedures for PTC's, providing essential guidance to their activities to ensure a successful compliance program. This will be complete by December 31, 2011. The division will plan to present the information to the PTC's at the division's January 2012 meeting.*

*The PTC supervisor (Cheryl Mazur) will work together with existing staff who are experienced in performing technical writing on policy directives, Richard Neill and Karen Dunlap.*

### Additional Division Comments

*PTCs interact daily with both their supervisor and various Program Managers to discuss their work products and project milestones.*

*Additionally, each month electronic grant project reports are analyzed, distributed, and feedback requested from PTCs, Program Managers, and the PTC Supervisor on the status of each project which provides a review of contract management duties. Then a monthly meeting is held in Austin between Program Managers and the PTC Supervisor to discuss and review each project for issues or concerns. PTCs receive feedback and/or action items on any issues from this meeting.*

*The quarterly monitoring documentation review has been conducted exclusively onsite in the past. However, this fiscal year the division has incorporated an additional review of monitoring activities submitted electronically from the PTCs to Austin.*

**No. 2:** Risk assessments for performing compliance monitoring under the new structure have not been updated.

PTN has a process in place to formally review the PTCs' grant management activities on a 1 to 5 year cycle. The prioritization and frequency of these 'compliance monitoring' reviews is based upon a risk assessment that considers such factors as a PTC's experience, past performance, work load, and program knowledge. However, due to the more immediate activities required by the reorganization efforts, along with staff turnover, PTN has not yet performed a risk assessment applicable to the existing PTC staff. A current risk assessment is necessary in order to effectively prioritize and schedule the compliance monitoring reviews.

**Recommendation:** PTN should perform a risk assessment of the existing PTCs and update its compliance monitoring schedule accordingly. The results of the risk assessment may also be helpful in identifying the level of ongoing supervisory review and training needed for individual staff members. This should be included in the formal procedures mentioned above in Observation No. 1.

### **Management Response and Action Plan**

Responsible Party: Cheryl Mazur,  
Director-Program Services Section

Implementation Date: October 1,  
2011

*The division is currently implementing new best practices for monitoring compliance activities following the recent A-133 State Audit. The division will review the risk assessment tool for current applicability following incorporation of those practices and to address any other risks. As recommended, the division will then use the tool to review PTC practices in performing their compliance reviews of transit grant recipients. Also, as recommended, this update will be documented in the procedures included in Observation No. 1.*

### **Closing Comments**

PTC management indicated in the exit meeting that in response to the State Auditor's Office Federal compliance audit findings the PTC checklists of monitoring activities are being submitted to PTN for review. We think this an improvement in monitoring, and PTN should include this in the SOP of the PTCs. (Observation #1)

The results of the audit were discussed with the PTN management on March 16, 2011 and April 18, 2011, and with the Administration on May 23, 2011. Excellent cooperation was received throughout the audit from all involved.