



**INTERNET ADDRESS:**  
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## **AGENDA**

**TEXAS TRANSPORTATION COMMISSION  
Audit Subcommittee, Quarterly Meeting  
125 East 11th Street  
Austin, Texas 78701-2483**

**WEDNESDAY  
February 24, 2021**

**NOTE:** After consultation with the Governor's Office and consideration of the Governor's Proclamation of March 13, 2020, declaring a state of disaster for all counties in Texas from the imminent threat posed by COVID-19 and the Governor's approval of the request from the Office of the Attorney General to temporarily suspend certain open-meeting provisions of Texas law, the Texas Transportation Commission Audit Subcommittee meeting on February 24, 2021, will be conducted as a telephonic/audio meeting. You may listen to the meeting and comment on an agenda item by calling the following toll-free number: 1-800-309-1256, participant access code 778816. If the Texas Department of Transportation's computer network is operational at the time of the meeting, you will be able to view an electronic copy of the agenda packet for the meeting at <https://www.txdot.gov/inside-txdot/administration/commission/subcommittee-meetings.html>.

The meeting will be recorded, and the recording will be available at <https://www.txdot.gov/inside-txdot/administration/commission/subcommittee-meetings.html> on the day after the meeting or as soon thereafter as technically possible.

Persons with special needs or disabilities who require auxiliary aids or services are requested to contact the department's Compliance Division at (512) 463-5671 at least five working days prior to the meeting so that appropriate arrangements can be made.

Atención. Si desea recibir asistencia gratuita para traducir esta información, llame al 512-305-9500.

### **2:00 PM      CONVENE MEETING**

- 1. Meeting Guidelines**  
*Staff will provide instruction and guidance on procedures for the meeting.*
- 2. Consider the approval of the Minutes** of the December 9, 2020, quarterly meeting of the Texas Transportation Commission Audit Subcommittee

3. **Internal Audit Division Update**
  - a. Management Action Plan (MAP) follow-up status
  - b. Internal Audit Report - Professional Engineering Procurement Services (PEPS):  
Consultant Performance
  - c. Internal Control Assessment Update
  
4. **Compliance Division Update**
  - a. Summary of Investigations - Fiscal Year 2021, 2<sup>nd</sup> Quarter
  - b. External Audit Findings follow-up status
  
5. **Executive Session** Pursuant to Government Code, Chapter 551  
**Section 551.071** - Consultation with and advice from legal counsel regarding any item on this agenda, pending or contemplated litigation, or other legal matters

**ADJOURN**

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# Audit Subcommittee Quarterly Meeting

Texas Transportation Commission



# Approval of minutes: December 9, 2020, Audit Subcommittee meeting



# Internal Audit Division Update

Craig Otto, Internal Audit Division Director



### 3a. Management Action Plan (MAP) Follow-Up Overview



MAP Highlights	FY 21 (As of 12/1/20)	FY 21 (As of 2/11/21)
Closed	124	173
Not Yet Due	64	47
Past Due	54	34



#### **FY 21 Progress**

**Focus is on 30 MAP Follow-Up engagements (as of 2/11/21)**

- 24 Follow-Up engagement completed
- 6 Follow-Up engagements in progress
  - 26 MAPs are being tested for closure

# 3b. Professional Engineering Procurement Services (PEPS): Consultant Performance



## 2 Findings

Overall Engagement Assessment			Needs Improvement	
Findings				
	Title	Control Design	Operating Effectiveness	Rating
<b>Finding 1</b>	Completion of Evaluations	X	X	Needs Improvement
<b>Finding 2</b>	Evaluation Comments Not Required	X	X	Needs Improvement

PEPS oversees the consultant evaluation program to help ensure focus on TxDOT standards for quality and timeliness. Between October 2019 through December 2020, overall district and division completion rates on PEPS consultant evaluations increased from 64% to 83% and 45% to 88%, respectively.

1. Consultant evaluations, overdue for two years or more, were identified per the monthly PEPS Provider Evaluation Completion Report as of December 6, 2020:
  - 108 of 574 (19%) district evaluations (12 districts) not completed have been due for two years or more.
  - 11 of 61 (18%) division evaluations (2 divisions) not completed have been due for two years or more.

The PEPS Provider Evaluation Completion report has increased the visibility of evaluations not being completed; however, additional focus in helping ensure the timely completion of all evaluations would increase the communication and alignment between the districts, divisions, and PEPS regarding timeliness and quality of work performed by the consultants.

2. Comments were not always used to support all evaluation level scores between October 16, 2019 and December 16, 2020 in the Professional Services Contract Administration Management System (PS-CAMS) by TxDOT project managers. Comments are strongly recommended by local policy for 1,2,4, and 5 levels.
  - 27,343 of 39,377 (69%) evaluation scores did not have comments to support the rating.

Without documented and retained rationale for evaluation scores, the prime provider evaluation may not be considered supportable. In addition, when not providing detailed feedback, the prime provider may not fully understand their strengths or developmental areas which could impact future performance.



### Management Action Plans (MAPs):

#### MAP 1.1 (completion date: April 15, 2021)

- PEPS will define and discuss a timeframe in which an evaluation must be completed after it becomes due with Transportation Planning & Development (TP&D) Directors during the March 2021 Implementation of the timeframe will be covered in MAP 1.2.

#### MAP 1.2 (completion date: May 15, 2021)

- Based on the results of MAP 1.1, PEPS will update policies and procedure documents to include the timeframe requirement to complete evaluations. PEPS will communicate the timeframe requirement to districts and divisions.

#### MAP 1.3 (completion date: May 15, 2021)

- PEPS will research the process of aging past due evaluations to monitor the evaluations for timeliness. PEPS will evaluate methods for providing the project managers, supervisors, and respective district engineers and division directors with the aging information. Implementation to be covered in MAP 1.4.

#### MAP 1.4 (completion date: May 15, 2021)

- Based on the results of MAP 1.3, PEPS will work with the Information Technology Division to implement the necessary changes to PS-CAMS and to the Engineering Operations Dashboard reporting to monitor past due evaluations and ensure the timely completion of PEPS evaluations.





### Management Action Plans (MAPs), continued:

#### MAP 1.5 (completion date: May 15, 2021)

- District engineers and division directors will develop a plan to address evaluations identified by the Internal Audit Division to be six months or more due as of December 6, 2020 within their districts and divisions.

#### MAP 1.6 (completion date: August 15, 2021)

- District engineers and division directors will monitor outstanding evaluations within their districts and divisions to ensure they are completed as required by MAP 1.2.

#### MAP 2.1 (completion date: May 15, 2021)

- PEPS has been working on suggested wording for evaluation criteria by score. PEPS will discuss the proposed language with TP&D Directors during the March 2021 meeting and develop standardized comments for each score for each criterion to be used as default comment language by project managers.

#### MAP 2.2 (completion date: August 15, 2021)

- PEPS will update the policy and procedures to require comments on all evaluation criteria scores and communicate it to districts and divisions.

#### MAP 2.3 (completion date: September 15, 2021)

- PEPS will work with the Information Technology Division to modify PS-CAMS to have suggested language default. Project managers will have the ability to add details to the default comment language.

## 3c. Internal Control Assessment Update



### Purpose

Incorporation of contingency engagements through the business owners performing internal control assessments for risks identified during the creation of the FY 2021 Audit Plan.

### Process

- Internal Audit Division collaborates with the business to create work plan and provide guidance.
- Estimated timing for completion is 8 – 10 weeks.
- Allows business to self-identify process exceptions and determine remediation needed, if any.
- Results discussion between the business, key stakeholder(s), and Internal Audit Division.
  - Identified high risk areas may result in contingency audit to be placed on audit schedule.

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Internal Control Assessment	Division/District	Status
Construction Project Payment Review and Approval	Construction Division	In process - initiated January 2021
Grant Reimbursement – Public Transportation (Section 5311)	Public Transportation Division	In process - initiated February 2021
Human Resources Operations: Performance Assessments	Human Resources Division	In process – initiated December 2020



# Compliance Division Update

Kristin Alexander, Compliance Division Director



# 4a. Summary of Investigations – Fiscal Year 2021, 2nd Quarter



## Investigation Totals :

▪ Opened	15
▪ Closed	20

Q2 / Q1

↓ 12%  
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## Closed Investigation Dispositions:

▪ Substantiated	11 (55%)
▪ Unsubstantiated	9



## Closed Investigation Locations:

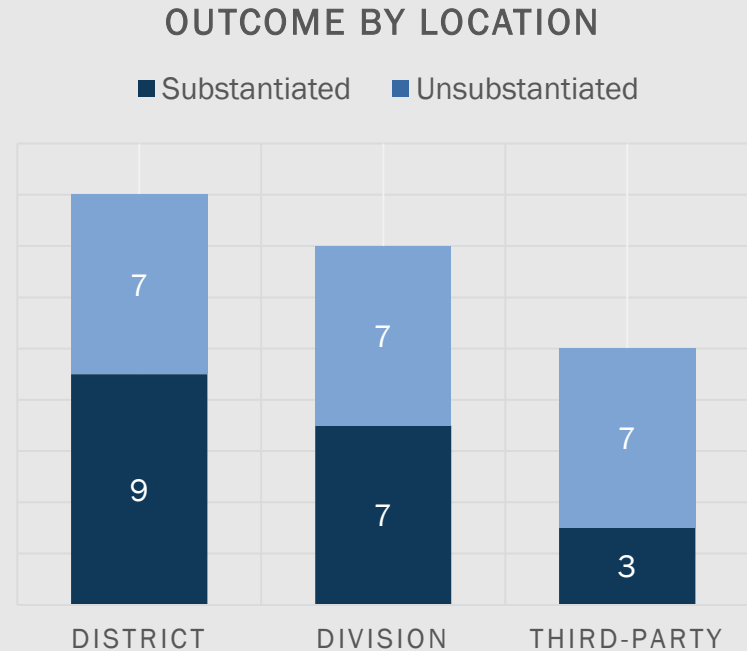
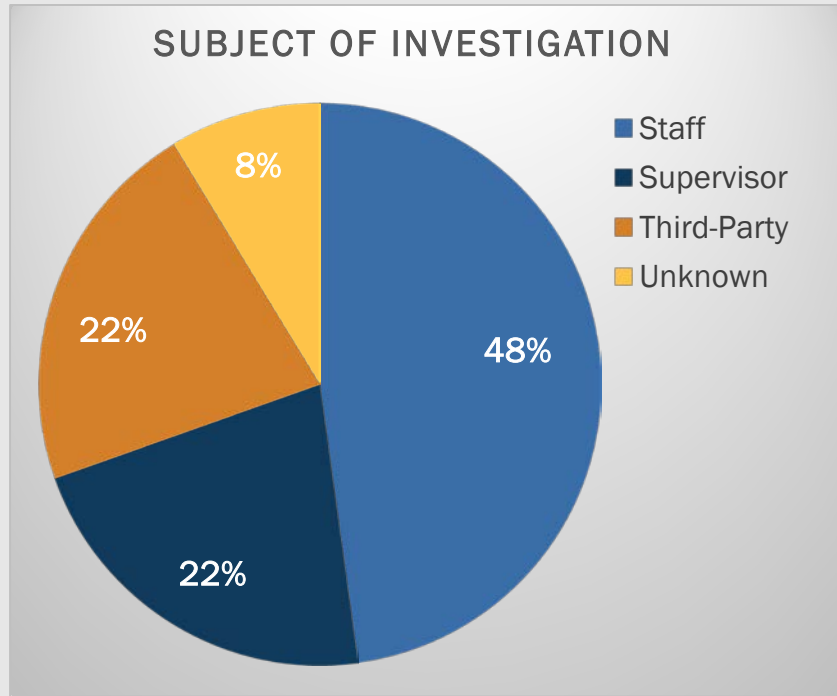
▪ Districts	7
▪ Divisions	10
▪ Third Party	3



## Highlights

- Continued decrease in new investigations
- Substantiation rate increased from 40% to 55%
- Significant investigations:
  - Third-Party Revolving Door Violation
  - Recovery of misappropriated assets

# 4a. Summary of Investigations – Fiscal Year 2021 1<sup>st</sup> and 2<sup>nd</sup> Quarters

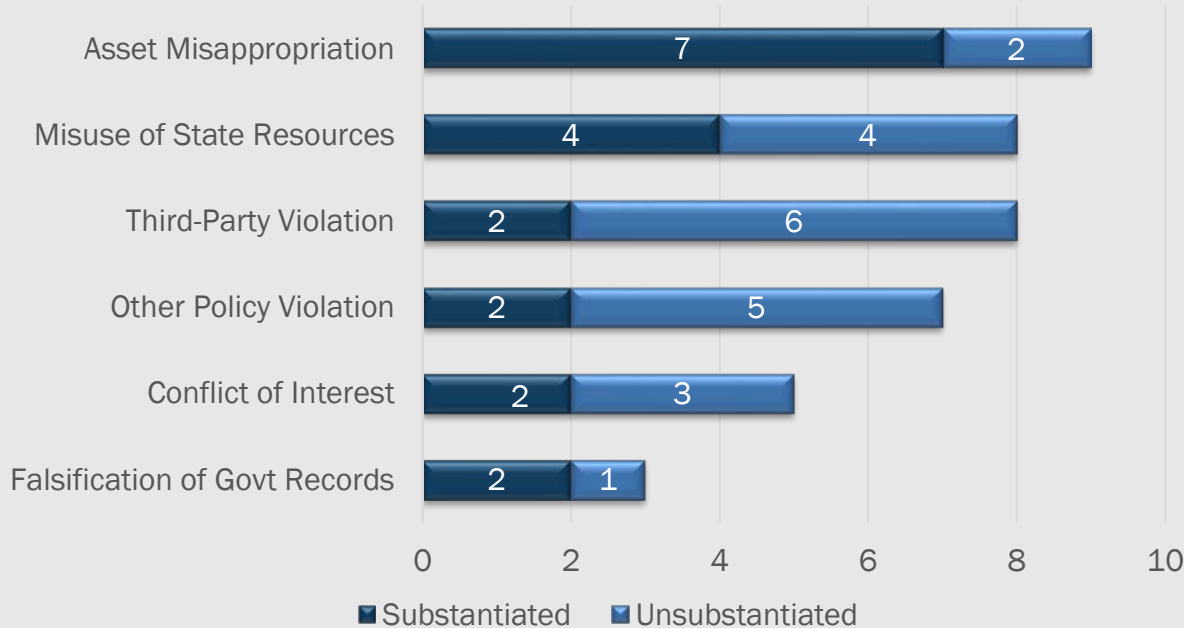


**Additional training/reinforcement of policies needed for Supervisors**

# 4a. Summary of Investigations – Fiscal Year 2021 1<sup>st</sup> and 2<sup>nd</sup> Quarters



## OUTCOMES BY ALLEGATION CATEGORY



### Compliance Campaign related to Conflict of Interest

- Special focus on relationships between supervisors and subordinates

### Outreach and policy reminders on:

- Securing, tracking and inventorying minor equipment
- Missing/stolen asset reporting
- Appropriate use of State resources

## 4b. External Audit Findings Follow-up Status



Audit Report	Total Recommendations	Fully Implemented	Partially Implemented	Comments
An Audit Report on Contract Change Management at TxDOT (SAO #20-027), Issued 3/26/2020	8	0	8	3 – Original target implementation 8/2020 (MNT); revised to 3/2021 3 – Original target implementation 6/2020 (ITD); revised to 3/2021 2 - Target implementation date 3/2021 (CST)
An Audit Report on Facilities-related Contracts at TxDOT (SAO #19-050), Issued 8/30/2019	13	12	1	1 - Original target implementation 8/2020, revised to 3/2021
An Audit Report on Information Technology Contract Oversight at TxDOT (SAO #19-024), Issued 2/1/2019	15	12	3	3 – Original implementation date 8/2020, revised to 3/2021
Federal Portion of Statewide Single Audit for FY 2019 (SAO #20-317), Issued 2/28/2020	2	1	1	Target implementation date 3/2021
A Classification Compliance Audit Report on Information Technology Positions at Business and Economic Development Agencies (SAO 20-701), Issued 1/28/2020	2	2	0	Findings fully implemented
<b>Total</b>	<b>40</b>	<b>27</b>	<b>13</b>	

**Continued focus needed to fully implement outstanding findings**



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