

# Capital Metropolitan Transportation Authority

FY 2016-2019

Quadrennial Performance Audit Report

January 25, 2021



# Performance Audit Scope and Objectives

---



- Pursuant to §451.454 of the Texas Transportation Code, a quadrennial performance audit was performed for CapMetro.
- The purpose of the performance audit is to provide evaluative information necessary for state and local oversight and to provide information to CapMetro for improving efficiency and effectiveness of operations.
- The performance audit assessed the following required tasks:
  - Administration and Management of the Authority **(Task 1)**
  - Compliance with applicable state laws from Chapter 451 of the Texas Transportation Code and other applicable state laws **(Task 2)**
  - Collection and compilation of base statistics and measurements of specified state-mandated performance indicators **(Task 3)**
- **Scope Period:**
  - FY 2016 – FY 2019
    - October 1, 2015 through September 30, 2019

# Summary of Results

- **Task 1:** Administration and Management of the Authority
  - No instances of non-compliance identified
  - Two Recommendations for Management to enhance internal controls, processes, and efficiencies
  
- **Task 2:** Chapter 451 Statutory Compliance Review
  - No instances of non-compliance identified
  - Four Recommendations for Management to enhance internal controls, processes, and efficiencies
  
- **Task 3:** Performance Indicator Review
  - No instances of non-compliance identified
  - Two Recommendations for Management to enhance internal controls, processes, and efficiencies

# Summary of Results



- The Quadrennial Performance Audit **did not** identify areas of **non-compliance** with Chapter 451 of the Texas Transportation Code, nor a **lack** of effective controls and oversight, nor where performance **did not meet** established expectations
- However, eight **Recommendations for Management** were identified and provided to management for consideration. Management responses to address these recommendations are **not** required.

## Finding vs Recommendation for Management

**Finding:** The Quadrennial Performance Audit areas Identified are considered to be exceptions in which compliance with Chapter 451 is not met, where there are lack of effective controls and oversight, or where performance is not meeting established expectations.

**Recommendation for Management:** The Quadrennial Performance Audit areas Identified are considered to be enhancements to internal controls, processes, procedures, efficiency and effectiveness of operations or improvements to the management of the Authority.

# Task 1 – Administration and Management of the Authority

---



## Purpose:

- To assess CapMetro's administration and management of the authority's departments.

## Procedures:

- Utilizing a **priority-based approach**, we identified with management the areas with a **high reliance on third party** service providers, highly **complex operations**, a **significant impact** on reputation or significant impact on meeting the authority's goals and objectives. The following departments were selected:
  - ❖ Bus Contract Operations (BCO)
  - ❖ Demand Response Oversight (DRO)
  - ❖ Operations and Maintenance Oversight (OMO)
  - ❖ Paratransit Administration (PA)
  - ❖ Paratransit Eligibility (PE)
  - ❖ Paratransit Reservations and Control Center (PRCC)
  - ❖ Rail Commuter Operations (RCO)
  - ❖ Rail Freight Management (RFO)
- For each selected Department we performed the following:
  - Reviewed staffing levels and the administrative organization of each of the selected departments
  - Reviewed department functionality
  - Reviewed cost elements of each department

# Task 1 – Administration and Management of the Authority

---



## Results:

- ✓ CapMetro have **adequate** personnel across the selected departments and **maintained** a stable level of personnel to achieve the department's mission, goals and functions
- ✓ Employees have **adequate** credential and qualifications to perform their assigned duties
- ✓ Department's maintained **effective** budget monitoring processes through **collaborative** efforts across the authority which resulted in aligned costs and cost elements.

## Recommendations for Management:

### 1. Contract Management System

- **Implementation** of a Contract Management System to **uniformly monitor** and **manage** performance and financial status

### 2. Credential and Qualification Tracking of Staff within Operations and Maintenance Oversight

- **Perform** a **review** of credential and qualifications of OMO staff and **ensure** files are **reflective** of experience gained through on-the-job training

# Task 2 – Chapter 451 Compliance Review



## Purpose:

- To validate CapMetro's compliance with Chapter 451 of the Texas Transportation Code and all other applicable state laws, including:
  - Texas Local Government Code
  - Texas Property Code
  - Texas Health and Safety Code
  - Texas Penal Code
  - Relevant legislation as adopted by the 85<sup>th</sup> and 86<sup>th</sup> Texas Legislatures

## Procedures:

- Identified and cataloged **194** unique compliance requirements and applicable updates to Texas Legislation
- Performed interviews with process owners and validated applicability of each compliance requirement
- Reviewed relevant website content, data, and documents to validate the authority's compliance with each requirement.

# Task 2 – Chapter 451 Compliance Review



## Results:

- ✓ CapMetro **achieved compliance** with all of the 194 applicable Texas state laws as prescribed by Chapter 451 of the Texas Transportation Code.
- ✓ **Validated** that CapMetro **implemented** all statutory recommendations from the Sunset Review, as stated by the State Auditor's Office as issued in the report dated November 5, 2015.

## Recommendations for Management:

### 1. Board Meeting Quorum

- CapMetro **communicate** that the quorum has convened within the meeting minutes **before** a closed meeting begins in accordance with the statute.

### 2. Dispositions and Destruction Central Tracker

- **Develop** and **maintain** a central tracker compiling lists of dispositions and destruction of documents.

### 3. Training Requirement

- **Update** the record retention procedures to include **maintaining** a file with the relevant fare enforcement trainings documentation to strengthen its compliance with the statute.

### 4. Quadrennial Report Delivery

- **Implement** a retention of receipts, or proof or submission, for the delivery of the quadrennial reports to the applicable recipients in accordance with the statute.



# Task 3 - Performance Indicator Review



## Purpose:

- To examine CapMetro's achievement of the **nine** key performance indicators in accordance with Texas Transportation Code 451.454 statutory requirements.

## Procedures:

- Collected, validated, and assessed performance indicator data from the National Transit Database and/or CapMetro along with an assessment of the trends over the four year scope period, which included:
  - ❖ Operating Cost per passenger, per revenue miles, and per revenue hour
  - ❖ Sales and Use tax receipts per passenger
  - ❖ Fare recovery rate
  - ❖ Average vehicle occupancy
  - ❖ On-time performance
  - ❖ Number of accident per 100,000 miles
  - ❖ Number of miles between mechanical road calls
- Identified and considered the impact of organizational changes and events during the period, such as CapRemap and the entering into a single service contract for bus operations.

# Task 3 - Performance Indicator Review



## Results:

- ✓ **Service Reliability: Improved** On-Time Performance, **lower** accident rates, and **fewer** mechanical road calls **improved** service reliability
- ✓ **Internal Cost and Service Efficiency Measures:** Cost of delivering an hour or mile of service **remained** relatively **flat**.
- ✓ **Cost Effectiveness:** Performance **declined** across cost per passenger trip, fare recovery, and average vehicle occupancy due to a **decline in ridership** prior to the implementation of CapRemap in 2018. Following the implementation of CapRemap, the **trends** were **reversed** and **increases** in ridership occurred between FY 2018 and FY 2019.

## Recommendations for Management

### 1. Increase of Fares

- To **improve** fare recovery rates, continued **coordination** between management and the Board of Directors should be performed annually to **review** and **evaluate** the fare policy, pricing model, and fare practices.

### 2. Documentation of Data Reporting and Validation Process

- **Formalize** the process for **maintaining** documentation and the storage of data reporting and **validation** within the Demand Response Oversight Department.



---

# Discussion

---

Alyssa Martin, CPA , MBA | Partner  
972.448.6975 | [Alyssa.Martin@weaver.com](mailto:Alyssa.Martin@weaver.com)

Adam Jones | Senior Consultant  
512.694.7187 | [Adam.Jones@weaver.com](mailto:Adam.Jones@weaver.com)

Brandon Tanous, CIA, CFE, CGAP, CRMA | Senior Manager  
832.320.3275 | [Brandon.Tanous@weaver.com](mailto:Brandon.Tanous@weaver.com)

Susan MacClay, MBA, MPA | Senior Associate  
512.236.8002, x18 | [smaclay@thegoodmancorp.com](mailto:smaclay@thegoodmancorp.com)