EXECUTIVE SUMMARY

RAIL CAPITAL PROJECTS
AUDIT #14-04

Approximately $8.1 million of the $59.4 million (13.6%) FY2014 capital budget is categorized as rail projects. The recent $11.3 million TIGER V grant award will further expand rail capital projects in the upcoming five-year Capital Improvement Plan (CIP).

MANAGEMENT HAS AGREED TO:

- Beginning in FY2015, Finance staff will ensure that future capital funding requests, KPIs, and project selection comply with the CIP Policy.
- HR will implement an Authority-wide project management framework by February 2015. General and specialized training for project managers will be provided.
- Rail Operations implemented new operating controls to correctly match Spear rail materials on work orders to capital projects. COMPLETE.
- Rail Operations implemented a standard protocol and forms to uniformly document inspection and acceptance for track and bridge projects. COMPLETE.
- Beginning in FY2014, Operations will prepare semi-annual status reports and leverage on efficiencies expected as a result of implementing the new ERP financial system.

Are rail capital projects supported by an approved business case and investment analysis?

- Documented approvals of the business cases supporting the capital investments are required by the CIP Policy but were not evidenced for all sample rail projects.
- A record of key decisions made in selecting capital projects which were recommended for funding does not exist. The absence of documentation of such decisions can result in challenges to the integrity of the evaluation process.

Have performance metrics been identified to objectively evaluate the success of the project?

- The business cases used to justify rail capital projects did not include specific, measurable, attainable, reasonable, and time-bound (“SMART”) justification metrics.

Are effective processes in place to manage scope, schedule, budget, and risk?

- The Rail Department, as with the Authority as a whole, has not established minimum project management standards and related support tools for overseeing capital projects.
- A consistent change management process for documenting, supporting, and approving changes to a rail capital project’s scope, schedule, and/or budget does not exist.

Are project costs and schedule accurately tracked and reported?

- Financial status reports agreed to official financial records for all but one rail capital projects that were active in FY2013. However, when quarterly financial data is aggregated for all projects, it is difficult to discern the financial status of individual projects, making it less useful to decision makers.
- The cost of rail materials has not been consistently coded to capital projects which affect official financial records.
- Schedule data is aggregated for all projects; an audit trail to validate individual project status does not exist. The reported number of delayed projects did not agree with supporting spreadsheets.

Were procedures followed to ensure quality of capital assets prior to acceptance?

- Formal acceptance of the completed signal/crossing projects exists, but similar evidence of acceptance has not been prepared for track and bridge projects. Rail for one bridge was reported as upgraded but was not complete.

Are projects’ success evaluated against performance metrics outlined in the original project analysis?

- Finance staff recently attempted to validate project outcomes with original project justification. Without SMART KPI’s, the exercise is unlikely to provide valuable or useful information.

SIGNIFICANT IMPROVEMENTS NEEDED
SOME IMPROVEMENTS NEEDED
ACCEPTABLE CONDITIONS