

Office of Inspector General
Robert E. Clift, Inspector General



Performance Measures FY 12/13
Advisory Report No. 14P-3001

August 25, 2014

EXECUTIVE SUMMARY

As part of our annual audit plan, the Office of Inspector General (OIG) conducted a Performance Measure Assessment pursuant to Subsection 20.055(2)(b), Florida Statutes (F.S.). We assessed the validity and reliability of three performance measures reported in the 2014/2015 Department of Transportation's (department) Long Range Program Plan (LRPP) for the 2012/2013 Fiscal Year (FY). The three performance measures assessed were:

Responsible Office	Performance Measure Reviewed	Valid	Reliable
Office of Work Program and Budget	1. Total budget for intrastate highway construction and arterial highway construction divided by the number of lane miles let to contract	Yes	Yes
Florida's Turnpike Enterprise	2. Operational cost per toll transaction	No	Yes
	3. Number of toll transactions	Yes	Yes

We determined the Office of Work Program and Budget (OWPB) performance measure and supporting data was valid and reliable. However, the total figure reported for Prior Year Actual FY 2012/2013 in the 2014/2015 LRPP was understated (by less than 1% - immaterial to the assessment) in the amount of \$149 per lane mile (\$7,773,248 versus \$7,773,397) because of an administrative error.

We recommend the OWPB Program/Resource Allocation Manager and the Office of Policy Planning (OPP) Senior Policy Analyst review quality assurance procedures to ensure accurate publication of LRPP performance measure data.

The OWPB Program/Resource Allocation Manager concurs with the recommendation and will work with OPP to ensure accurate publication of performance measure data in future LRPP's.

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We determined the Florida's Turnpike Enterprise (FTE) performance measures were reliable. However, only the performance measure: number of toll transactions, was valid. The FTE performance measure: operational cost per toll transaction was not valid since Orlando-Orange County Expressway Authority¹ (OOCEA) costs are included in the calculation.

We recommend the Chief Financial Officer, FTE, revise the validity section of the LRPP Exhibit IV to indicate the inclusion of SunPass transactions from the OOCEA in the operational cost.

FTE management concurs with the recommendation and is working with OPP to revise the validity section of the LRPP Exhibit IV for the operational cost per toll transaction performance measure.

¹ Senate Bill 230 creates The Central Florida Expressway Authority which takes over the Orlando-Orange County Authority, including E-PASS and incorporates representation from Lake, Osceola, and Seminole counties into a larger, regional tolling authority.

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BACKGROUND AND INTRODUCTION

The Government Accountability and Performance Act of 1994 requires state agencies to implement performance-based program budgeting, which includes establishing legislatively-approved performance measures and standards. Additionally, Section 216.013, F.S., requires state agencies to develop a Long Range Program Plan (LRPP) that is policy-based, priority driven, accountable and developed through careful examination and justification of all agency programs. The statute requires the submission of the LRPP, including prior year performance data, no later than September 30 of each year.

Subsection 20.055(2)(b), F.S., requires the OIG to assess the validity and reliability of the performance measure information reported by the department and make recommendations for improvement. To comply with these requirements, we reviewed three legislatively approved 2012/2013 FY performance measures reported in the department's 2014/2015 LRPP.

For this assessment, we used the following definitions from the 2014/2015 LRPP:

Validity - The appropriateness of the measuring instrument in relation to the purpose for which it is being used.

Reliability - The extent to which the measuring procedure yields the same results on repeated trials and data are complete and sufficiently error free for the intended use.

As part of our assessment, we reviewed each responsible office's performance measure procedures and the department's LRPP and identified the intended purpose for each measure under review. We also reviewed prior reports to determine when each measure was last assessed and the results of that assessment.

The three performance measures were last assessed in 2008. In the 2008 OIG Advisory Memorandum 09P-0001, the three measures were determined to be valid and reliable, if certain recommendations were met. The OIG recommended OWPB develop written policies and procedures for calculating the measure and update the methodology and data source descriptions provided in the LRPP. Additionally, the OIG recommended FTE resolve the issue of the costs and transactions imbalance with OOCEA. Both the OWPB and FTE have taken corrective action to improve the performance measures.

RESULTS OF REVIEW

As shown in the table below, we determined:

- All three performance measures provided a reliable measure of department performance; and
- Two of the three performance measures provided valid data that supported what was being measured.

Responsible Office	Performance Measure Reviewed	Valid	Reliable
Office of Work Program and Budget	1. Total budget for intrastate highway construction and arterial highway construction divided by the number of lane miles let to contract	Yes	Yes
Florida's Turnpike Enterprise	2. Operational cost per toll transaction	No	Yes
	3. Number of toll transactions	Yes	Yes

Office of Work Program and Budget

1. Total budget for intrastate highway construction and arterial highway construction divided by the number of lane miles let to contract

OWPB has established written procedures to ensure the accuracy and completeness of the data. OWPB has effective control activities for the performance measure data such as multiple reviews of data, annual reconciliation and validation of data and restricted data access.

The figure reported for Prior Year Actual FY 2012/2013 in the 2014/2015 LRPP was understated by an amount of \$149 per lane mile or 0.0019 percent. The 2014/2015 LRPP reported the figure for FY 2012/2013 as \$7,773,248. The actual figure for FY 2012/2013 was \$7,773,397. The difference represents a small percentage; therefore, we determined it was immaterial to the assessment.

We **recommend** the OWPB Program/Resource Allocation Manager and the OPP Senior Policy Analyst review quality assurance procedures to ensure accurate publication of performance measure data in future LRPPs.

Opportunity for Improvement

While we determined the performance measure is valid and reliable, we identified one opportunity to improve the performance measure process:

- **The desk procedures should provide more detailed instructions for retrieving and calculating the performance measure data:** The Mainframe desk procedures provide reasonable assurance to the reliability and accuracy of retrieving data, but numbering the steps would ensure the procedures are followed appropriately. Additionally, the MADDOG desk procedures lack clarity for the data retrieval process. Similar to the Mainframe desk procedures, the MADDOG desk procedures should also include step-by-step instructions and screenshots of each numbered step.

Florida's Turnpike Enterprise

2. Operational cost per toll transaction

FTE has effective controls to ensure the reliability of the data such as written desk procedures, multiple reviews of the data and restricted data access. However, as previously identified in the 2008 OIG Advisory Memorandum 09P-0001, there is an issue which affects the validity of the measure.

SunPass is interoperable between FTE and OOCEA for toll collections. The operational cost (numerator) includes FTE SunPass-related costs and toll transactions (denominator) includes only FTE toll transactions. However, the resources dedicated to SunPass toll collection also support transactions on OOCEA toll roads. FTE remits toll revenue from SunPass customer accounts to OOCEA for the transactions that occur on OOCEA toll roads. Currently there is not a process for OOCEA to reimburse FTE for the costs associated with processing the transactions or the related customer support and account management costs but a mutually agreeable plan to share the costs is awaiting final approval. Although OOCEA also processes certain E-Pass transactions on behalf of FTE for E-Pass customer usage of FTE toll facilities, the amount of SunPass transactions processed on behalf of OOCEA is significantly higher, thus resulting in a distortion of actual costs.

FTE indicated they were working with OOCEA, Tampa Hillsborough Expressway Authority and Miami-Dade Expressway Authority to develop a Centralized Customer Service System (CCSS) for the State of Florida. The CCSS would eliminate the back offices for FTE and OOCEA and create one system to benefit all customers. Additionally, the cost associated with the CCSS would be equitably shared among the four agencies and eliminate the cost distortion for this measure. The CCSS is estimated to become operational in FY 2016.

In the meantime, we **recommend** FTE revise the validity section of the LRPP Exhibit IV to indicate the inclusion of SunPass transactions from the OOCEA in the operational cost. The revision would improve the validity of the measure without having to adjust the methodology or the actual amount reported.

3. Number of toll transactions

FTE has an effective process to ensure the accuracy and completeness of data. FTE performs multiple cross checks on the source systems and ongoing checks to ensure the equipment is functioning properly.

We **recommend** FTE continue their efforts to ensure the performance measure and data is valid and reliable.

APPENDIX A – Purpose, Scope and Methodology

The **purpose** of this engagement was to meet the statutory requirement in Section 20.055, F.S., to assess the validity and reliability of legislatively approved performance measures and make recommendations for improvements.

The **scope** of the assessment included all information and documentation related to the following three performance measures reported in the department's 2014/2015 LRPP for the 2012/2013 FY:

1. Total budget for intrastate highway construction and arterial highway construction divided by the number of lane miles let to contract;
2. Operational cost per toll transaction; and
3. Number of toll transactions.

The LRPP submitted by the department included 31 performance measures, most of which have not undergone a significant change over the years. Since the performance measures have remained relatively unchanged, our review focused on the performance measures which were previously determined to be not valid and/or not reliable.

The **methodology** included:

- reviewing applicable statutes, rules and procedures;
- reviewing prior advisory reports and working papers;
- interviewing appropriate department management and staff regarding the performance measure processes; and
- reviewing data sources, data collection, measure definitions and methodologies.

APPENDIX B – Office of Work Program and Budget Response

On July 2, 2014, Dan Cashin, Program/Resource Allocation Manager, OWPB provided the following response via email to our findings and recommendations:

Concerning the performance measure “total budget for intrastate highway construction and arterial highway construction divided by the number of lane miles let to contract” we concur with the recommendation and will work with the Office of Policy Planning to review quality assurance procedures to ensure accurate publication of performance measure data in future Long Range Program Plans.

APPENDIX C – Florida’s Turnpike Enterprise Response

On August 18, 2014, Nicola Liquori, Chief Financial Officer, FTE provided the following response to our findings and recommendations:

We reviewed Advisory Report No. 14P-3001, and have prepared our response to OIG’s recommendation as reflected below.

OIG recommendation

We recommend the Chief Financial Officer, FTE, revise the validity section of the LRPP Exhibit IV to indicate the inclusion of SunPass transactions from the OOCEA in the operational cost.

FTE response

We concur with the finding; however, Florida’s Turnpike Enterprise (FTE) does not have the authority to revise the LRPP Exhibit IV. FTE has contacted the FDOT Office of Policy and Planning and the FDOT Budget Office regarding the recommendation. Both offices have indicated that they will modify the FY16 LRPP to include language provided by FTE in Exhibit IV (Performance Measure Validity & Reliability) and add a note at the bottom of Exhibit II (Performance Measures) which will provide readers with sufficient explanation of the performance measure in order to provide context regarding what is included in the calculation. Such language (as reflected below) is consistent with OIG’s recommendation. Questions regarding the process of including such language in the LRPP and the effective date of such language should be directed to Brian Watts in the Office of Policy and Planning.

“The Department’s Cost Per Transaction (CPT) measure reflects shared operating costs associated with the Florida’s Turnpike Enterprise (FTE) SunPass pre-paid toll program. There are certain toll transactions processed by FTE on behalf of the Central Florida Expressway Authority (CFX). Such transactions occur when SunPass accountholders drive on CFX toll roads. While the results of the CPT measure, as reported herein, include the associated costs of processing CFX toll transactions, the Department includes only FTE transactions when performing the calculation of its CPT. The Department is actively working on replacing the existing SunPass back-office system with a Centralized Customer Service System (CCSS) and executing a joint agreement with three other Florida toll authorities, including CFX. Upon the implementation of the new CCSS, it is anticipated that all SunPass customer transaction costs will be shared amongst the four agencies. Additionally, the Department is in discussions with CFX regarding an interim arrangement for the authority to reimburse the Department for its share of SunPass back-office operating costs. Upon implementation, the costs reported by the Department for the CPT measure will appropriately reflect FTE-related transaction costs only, as the costs for processing SunPass transactions for CFX will have been reimbursed to the Department.”

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STATEMENT OF ACCORDANCE

Statement of Accordance

*The mission of the department is
to provide a safe transportation system that ensures the mobility of people and goods,
enhances economic prosperity, and preserves the quality of our environment and communities.*

*The mission of the Office of Inspector General is
to promote integrity, accountability and process improvement in the Department of
Transportation by providing objective fact-based assessments to the DOT team.*

This work product was prepared pursuant to Section 20.055, Florida Statutes, in accordance with the applicable Principles and Standards for Offices of Inspectors General as published by the Association of Inspectors General and the International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors, Inc.

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