

Office of Inspector General
 Robert E. Clift, Inspector General



Advisory Report No. 15P-3001
 Performance Measures FY 13/14

February 23, 2015

EXECUTIVE SUMMARY

As part of our annual audit plan, the Office of Inspector General (OIG) conducted a Performance Measure Assessment pursuant to Section 20.055(2), Florida Statutes (F.S.). We assessed the validity and reliability of four performance measures reported in the 2015/2016 Department of Transportation's (department) Long Range Program Plan (LRPP) for the 2013/2014 Fiscal Year (FY). The four performance measures assessed were:

| Responsible Office | Performance Measure Reviewed | Valid | Reliable |
|---|---|-------|----------|
| Office of Freight, Logistics, and Passenger Operations (Transit Office) | 1. Transit ridership growth twice the average population growth | Yes | Yes |
| | 2. Number of annual passenger trips for transit | Yes | Yes |
| Construction Office | 3. Percentage increase in number of days required for completed construction contracts over original contract days (less weather days, holidays and special events) | Yes | Yes |
| | 4. Percentage increase in final amount paid for completed construction contracts over original contract amount | Yes | Yes |

We determined the Office of Freight, Logistics, and Passenger Operations (Transit Office) performance measures and supporting data were valid and reliable. However, in order to comply with LRPP deadlines for the Office of Work Program and Budget, the data used by the Transit Office for the performance measures has not been finalized since many transit agencies follow varying fiscal years. During our review, our office determined the reliability of the measure since the records of preliminary data were available for review, but this may not be the case for all years since the data can change.

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

- Updating the data source and methodology section in the LRPP to clearly reflect the time lag of 6-8 months instead of 15-17 months for the reporting cycle.
- Developing the background information document into a formal desk procedure that includes maintaining records of preliminary data reports used to support performance measure figures submitted in the LRPP.

We determined the Construction Office performance measures were valid and reliable. We also determined the Construction Office implemented a previous assessment's recommendation regarding a wording change in the LRPP to reflect the subtraction of contractor approved holidays and weather days.

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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 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.

Section 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 four legislatively-approved 2013/2014 FY performance measures reported in the department's 2015/2016 LRPP.

For this assessment, we used the following definitions from the 2015/2016 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 to identify 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 to conclude which performance measures will be reviewed for the current assessment.

All four performance measures were previously assessed with the following results:

- *Transit ridership growth twice the population growth*: in the 2007 OIG Advisory Memorandum 08P-0001, the measure assessed was determined to be valid and reliable. Also, the wording of the performance measure changed since the last assessment from *ratio of transit ridership growth to population growth*, to the current assessment's wording to more adequately reflect what it claims to measure.
- *Number of annual passenger trips for transit*: in the 2011 OIG Advisory Memorandum 11P-3000, the measure assessed was determined to be valid and reliable. Also, the wording of the performance measure changed since the last assessment from *number of one-way public transit passenger trips*, to the current assessment's wording to accurately reflect what it claims to measure.

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- *Percentage increase in number of days required for completed construction contracts over original contract days (less weather days, holidays and special events):* in the 2009 OIG Advisory Memorandum 10P-1003, the measure assessed was determined to be valid and reliable, and our recommended change to the wording to match actual reported information of contractor subtracted weather days and holidays has been implemented.
- *Percentage increase in final amount paid for completed construction contracts over original contract amount:* in the 2009 OIG Advisory Memorandum 10P-1003, the measure assessed was found to be valid and reliable.

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RESULTS OF REVIEW

As shown in the table below, we determined:

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

| Responsible Office | Performance Measure Reviewed | Valid | Reliable |
|--|---|--------------|-----------------|
| Office of Freight, Logistics, and Passenger Operations | 1. Transit ridership growth twice the average population growth | Yes | Yes |
| | 2. Number of annual passenger trips for transit | Yes | Yes |
| Construction Office | 3. Percentage increase in number of days required for completed construction contracts over original contract days (less weather days, holidays and special events) | Yes | Yes |
| | 4. Percentage increase in final amount paid for completed construction contracts over original contract amount | Yes | Yes |

Office of Freight, Logistics, and Passenger Operations

1. Transit ridership growth twice the average population growth

The Transit Office has an effective process to ensure the accuracy and completeness of data. The Transit Office control activities include: multiple reviews of data, annual reconciliation and validation of data, and restricted data access.

Transit agencies collect transit data and report it to the Federal Transit Administration (FTA) on a quarterly and annual basis. FTA reviews and validates the data prior to publication for public use. Since data is collected over the span of a year and then reviewed and validated, it is usually one year behind the reporting calendar year. As a result, the LRPP is created using preliminary data because transit agency reporting timeframes vary depending upon the type of fiscal year they follow. During our review, our office determined the reliability of the measure since the records of preliminary data were available for review, but this may not be the case for all years since the data can change. However, the

Transit Office has effective control activities for the performance measure; FTA's comprehensive reconciliation and validation process provided through the National Transit Database (NTD) is relied upon, and data is extracted onto reports through the University of South Florida Center for Urban Transportation Research (CUTR) for Transit Office use. Also, the Office of Policy Planning (OPP) provides annual population estimates with 5-10 year projections based on a population study conducted by the Bureau of Economic and Business Research (BEBR) to ensure an accurate determination of population growth for the performance measure.

Opportunities for Improvement

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

- Updating the data source and methodology section in the LRPP to clearly reflect the time lag of 6-8 months instead of 15-17 months for the reporting cycle.
- Developing the background information document into a formal desk procedure that includes maintaining records of preliminary data reports used to support performance measure figures submitted in the LRPP.

2. Number of annual passenger trips for transit

The Transit Office has an effective process to ensure the accuracy and completeness of data. The Transit Office control activities include: multiple reviews of data, annual reconciliation and validation of data, and restricted data access.

Transit agencies collect transit data and report it to the FTA on a quarterly and annual basis. FTA reviews and validates the data prior to publication for public use. Since data is collected over the span of a year and then reviewed and validated, it is usually one year behind the reporting calendar year. As a result, the LRPP is created using preliminary data because transit agency reporting timeframes vary depending upon the type of fiscal year they follow. During our review, our office determined the reliability of the measure since the records of preliminary data were available for review, but this may not be the case for all years since the data can change. However, Transit Office has effective control activities for the performance measure; FTA's comprehensive reconciliation and validation process through the NTD is relied upon, and data is extracted onto reports through CUTR for Transit Office use.

Opportunities for Improvement

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

- Updating the data source and methodology section in the LRPP to clearly reflect the time lag of 9 months instead of 12 months for the reporting cycle.
- Developing the background information document into a formal desk procedure that includes maintaining records of preliminary data reports used to support performance measure figures submitted in the LRPP.

Construction Office

1. Percentage increase in number of days required for completed construction contracts over original contract days (less weather days, holidays and special events)

The Construction Office has an effective process to ensure accuracy, intended use and completeness of data. The performance measure is also aligned with the department's business model, and all data related to the measure was included in the calculation.

The Construction Office provides sufficient controls and procedures to promote data accuracy for the performance measure. In the 2009 OIG Assessment 10P-1003, we recommended to change the wording to match what is actually reported; the wording currently reflects the calculation subtracting out contractor approved holidays and weather days. Now, all data needed for the calculation is identified in the wording of the performance measure, and the measure provides an assessment relating to containment of time for construction contracts.

2. Percentage increase in final amount paid for completed construction contracts over original contract amount

The Construction Office has an effective process to ensure accuracy, intended use and completeness of data. The performance measure is also aligned with the department's business model, and all data related to the measure was included in the calculation.

The Construction Office provides consistent and effective procedures to promote data accuracy and completeness. Data gathering, calculating and reporting can be successfully traced from the measure's calculation back to the reporting system. Also, the measure provides an assessment relating to containment of cost for construction contracts.

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 four performance measures reported in the department's 2015/2016 LRPP for the 2013/2014 FY:

1. Transit ridership growth twice the average population growth;
2. Number of annual passenger trips for transit;
3. Percentage increase in number of days required for completed construction contracts over original contract days (less weather days, holidays and special events); and
4. Percentage increase in final amount paid for completed construction contracts over original contract amount.

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 that had the longest duration of time since last assessed, and number of times the responsible office was assessed in the last ten years.

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 – Transit Office Response

On February 13, 2015, Ed Coven, Manager, Transit Office provided the following response via email to our findings and recommendations:

Thank you for providing an opportunity to review and respond to the draft Preliminary and Tentative Report regarding the Transit Office performance measures. As requested, the Transit Office offers the following response to the specific opportunities for improvement provided in the report:

Opportunities for improvement:

1. Update the data source and methodology section in the LRPP to clearly reflect the time lag of 9 months instead of 12 months for the reporting cycle.

Response: We concur with the finding(s) and recommendation

Specific Action: We will update this section to reflect the time lag of 9 months during the next update of the LRPP in August 2015.

2. Develop the background information document into a formal desk procedure.

Response: We concur with the finding(s) and recommendation

Specific Action: We have begun developing a desktop procedure to document the process and will have this completed in May of 2015 prior to the next update of the LRPP in August 2015.

APPENDIX C – Construction Office Response

David Sadler, Director, Office of Construction, confirmed with the Director of Audit on January 16, 2015, that his office is in agreement with the results of the report 15P-3001 Performance Measures FY 13/14.

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DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE

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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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